EUROPE'S BUSINESS NEWSPAPER

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World news

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Israelis kill two **Palestine** students

died and at least 20 were injured when Israeli soldiers opened fire on demonstrators at the occupied West Bank town of Bir Zeit, north of Jer-

The disturbances focused on Bir Zeit University campus and the bloodshed was reportedly triggered when a lecturer was beaten by a soldier. According to the army, troops fired first into the air and then at the legs of students.

Later, more trouble flared outside the hospital at Ramallah, to which the dead and wounded had been rushed. This time, plastic bullets were used.

Egypt folis plot

Egypt said it had thwarted a plot by Moslem extremists to overthrow the government and arrested 30 people, four of them army officers.

Grenada verdicts

A Grenada High Court jury found 14 former military and government officials guilty of the murder of Prime Minister Maurice Bishop during a 1983 coup. Among those found guilty were former Deputy Premier Bernard Coard and his wife. All face the death penalty.

South African strike

Nearly 5,000 black miners went on strike at the Grootvlei gold mine near Johannesburg after police shot a miner dead in violence that followed a union meeting. Page 5

Harare frees five

Zimbabwe released five political detainees, including two whites held on charges of spying for South Africa. The move was seen as helping the merger of the country's two political parties. Page 5

German water crisis:

Water supplies to thousands of homes in the Bayarian city of Augaburg were shut off and people com-plained of illness after water pipes coated with poison paint were installed by mistake.

irish nuclear plea

The Irish Parliament called unanimously for closure of Britain's Sel lafield miclear reprocessing plant where the operators are investigating a 50,000 gallon spillage of radio-active waste into the Irish Sea.

British appeal set

Britain was granted permission to appeal against a New South Wales Supreme Court order to hand over secret documents to former MI5 agent Peter Wright and his legal ad-Thursday. Page 5.

Swedish police row

A political row is brewing in Swedafter 12 detectives involved in the hunt for the murderer of Prime Minister Olof Palme resigned becalise of disagreement with the police chief who heads the investiga- tion. Page 21 tion. Swedish newspapers have called for the chief's removal.

\$14m SDi contracts

US Defence Secretary Caspar Weinberger announced \$14m in Star Wars contracts to US and European companies. Page 3

Taj Mahal rescue India is to close two thermal power

plants as part of a long-term programme to curh air pollution in Agra which is turning the white mar-ble of the Taj Mahal yellow.

Only the best

A Jordanian who said he never touched the stuff bought the world's most expensive bottle of white wine for £39,600 (\$59,000) at Christie's in London. The rare 1784 Chatean d'Yquem was believed to have once belonged to US founding father Thomas Jefferson.

Business summary

Coca-Cola to buy back 10m shares

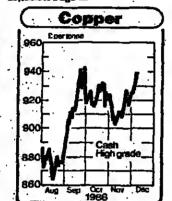
COCA-COLA, world's biggest pro-ducer of soft drinks intends to buy back up to 10m shares and gear up on its equity base by as much as 51bn. Page 21

DEUTSCHE BANK, biggest bank in West Germany, is to pay a bonus dividend to shareholders after mak-ing DM 1bn (\$507m) profits through flotation of the former Flick indus-trial empire. Page 21

WALL STREET: The Dow Jones in-

LONDON: Nervousness over official inquiries into share dealings continued to unsettle prices. The FT Ordinary index slipped 3.2 to 1,265.9 and the FT-SE 100 lost 5.0 to 1,610.1.

TOKYO: Buying gained further strength reflecting investor hopes for still higher prices. The Nikkei stock average added 168.89 to 18.623.95. Page 42



London Metal Exchange with the price of grade A metal closing at £939.75 per tonne, up £16.50. Prices were buoyed by continuing strike action at Noranda's Horne smelter in Quebec Page 36

GOLD fell \$5 to \$387.50 on the Lon don bullion market. It also fell-in Zurich to \$388.95 (\$393.25), In New York the Comex February settlement was \$391.7. Page 36

DOLLAR closed in New York at DM 2.0020; SFr 1.6775; FFr 6.5590 and Y163.00. It rose in London to DM 1.9920 (DM 1.9725); It also rose to Y162.80 (Y162.25); SFr 1.6640 (SFr 1.6415); FFr 6.5275 (FFr 6.4575). On lar's exchange rate index rose to 110.1 from 110.0. Page 37

STERLING closed in New York at \$1.43075. It fell in London to \$1.4290 (\$1.4320); It rose to DM 2.8475 (DM 2.8250); FFr 9.3275 (FFr 9.2475); SFr 2.3775 (SFr 2.3500); Y232.5 (Y232.25). The pound's exchange rate index

rose 0.1 to 68.0. Page 37 CARLSBERG'S growing sales of lager in the UK from beer brewed visers. The hearing was set for next at the Carlsberg brewery in Northampton contributed handsomely to the profits of the Danish brewing group, United Breweries, in the year ended September. Page 21.

CREDIT LYONNAIS, French commercial bank, announced a major restructuring of its activities in a bid to prepare itself for privatisa-

HOLIDAY CORPORATION, world's largest hotel group, which last month announced a massive restructuring in order to avoid an unwelcome takeover bid, plans to raise \$700m in after-tax proceeds by selling 110 hotels. Page 21

USX, parent of big US steel and en-

ergy concern which is being pursu-ed by Carl Icahn, the corporate raider, has raised \$528m following the successful stock market flotation of Aristech Chemical, its for-mer chemical operations. Page 21 CARLO DE BENEDETTI, Italian entrepreneur and financier, has acquired a 2.2 per cent staka in S.
G. Warburg, UK merchant bank,
through his new Swiss financial
bolding company Société Financière de Genève. Page 27

EEC fish council agreed Ecu 800m (\$840m) programme aimed at im-proving and adapting EEC fishing fleets over the next five years.

US Congress to probe scandal over arms deals

BY LIONEL BARBER IN WASHINGTON

THE US Congress is to form a bi-partisan Senate select committee to investigate the Iran arms scandal similar to the one set up during the Watergate affair.

Mr Robert Byrd, the Democrat Senate majority leader elect, announced yesterday that he had eached agreement with Senator Robert Dole, the Republican leader dustrial average closed 7.59 down at to form the 11-strong committee, 1,339.88. Page 42 with the names to be revealed on December 15.

The announcement, ensuring maximum publicity to the affair when hearings begin next year, came shortly after Mr Larry Speakes, President Reagan's chief White House spokesman, said he was resigning from his post with effects of the statement of the said here. fect from next February to take up an executive post with Merrill Lynch, the New York-based broker-

The timing of Mr Speakes' resig-nation, though widely rumoured for the past month, is a blow to President Reagan whose Administration has been rocked by the scandal.

Last week Mr Reagan was forced to sack a top White House aide, Lt Col Oliver North, and to accept the dexter following US Justice Depart- spokesman.

bels in Nicaragua.

Mr George Shultz, US Secretary of State and Mr James Baker, US Treasury Secretary, both made major policy speeches yesterday in what appeared to be an attempt by the Administration to deflict attention from the Iran affair and give a business as usual impression to tration in the 1950s. the public and press.

Mr Speakes has been President Reagan's mouthpiece for five and a half years. His high profile, high pressure role in articulating the President's views is a vital function in the modern American presidency which relies on television and the press to communicate to the US

A successor to Mr Speakes has yet to be named. The front-runner is Mrs Anne McLaughlin, a senior Interior Department official who served under Mr Donald Regan, White House Chief of Staff, when he was US Treasury Secretary in Mr Reagan's first Administration.

Other candidates are Mr Marlin Fitzwater, Vice President George resignation of his National Security

Bush's press secretary and Mr AlAdviser, Vice Admiral John Poinbert Brasher, a deputy White House

ment revelations that up to \$30m of Mr Speakes took over as Mr Rea-profits from secret US arms sales to gan's chief spokesman after Mr Iran was skimmed off to Contra re- James Brady, the White House secretary, was seriously wounded in the assassination attempt on the President in March 1981.

Despite a sometimes stormy ten-ure, Mr Speakes has been the longest serving presidential spokes-man since the Eisenhower adminis-

The decision to form a bi-partisar committee, though offering paral-lels to the Watergate scandal which brought down President Nixon in 1974, is in fact more an effort by Democrats and Republicans to consolidate the numerous House and Senate committees' investigations

into the Iranian affair. The Senate Intelligence Committee began hearings in closed session this week seeking testimony from Mr Bobert McFarlane, President Reagan's former National Security Adviser, and from Mr Poin-dexter and Lt Col North. Both Lt Col North and Mr Poindexter invoked the Fifth Amendment to

avoid self incrimination. The intelligence Committee's findings will be passed over to the

Continued on Page 20

Court outlaws insurance barriers within EEC

BY WILLIAM DAWKINS IN LUXEMBOURG

THE EUROPEAN COURT of Jus- both sutborised and physically es- gal impetus to the EEC's efforts to tice in Luxembourg yesterday out-lawed a series of important barriers risks are situated, a considerable to free trade in non-life insurance within the EEC.

In a long-awaited judgment, the court decided in favour of four cases brought by the European Commission, with the support of Britain and the Netherlands, against restrictive national prac-

The court declared that West Germany - by far the biggest insurance market in Europe-France, Ireland and Denmark had broken EEC laws in the country of the risk. on free trade in services.

They had wrongly insisted that unexpected, is a political victory for foreign insurance groups had to be

BY RICHARD TOMKINS IN LONDON

plications had been received in the

55.6bn (56bn) offer for sale. Stockbrokers' analysts who were

predicting a premium of 10p to 15p

on the 50p partly paid shares a week ago were yesterday forecasting a premium of 5p to 10p, and the "grey" market price being made in mofficial dealings was 3p down on

the day at 55%p.

If these predictions are confirmed, they will leave little room for investors to take profits after

dealing costs if they try to sell when

trading in the shares begins next Monday afternoon.

ly to encourage widespread interest in the privatisation of British Air-ways, which yesterday announced that an advertising campaign for its

flotation in the new year would be launched on Sunday under the slo-

Dr Oonagh McDonald, the La-

gan: Ready for take-off.

risks are situated, a considerable barrier to any insurance group wishing to do business in another EEC state without setting up a subsidiary there. Those restrictions, said the court,

were against the Treaty of Rome the source of EEC law - and contravened a Community directive govtices inhibiting insurance groups' erning co-insurance, the practice whereby insurance groups form syndicates to share big industrial risks. The four countries involved had insisted that co-insurance syndicate leaders most be establish

The court's decision, while not

Forecasts on British

bowever, is not total because the judges ruled that some restrictions on foreign insurers were necessary to protect individual consumer Providers of most kinds of gen eral insurance, with a few minor exceptions, should be officially antho-

create a free internal market by

empted yesterday from the need for local authorisation, because their clients are industrial companies rather than defenceless individuals. Yesterday's decision comes as a

boon for the British insurance in-

dustry, which has for years been Continued on Page 20

Applications

cut for Gas premium decline St Gobain

By George Graham in Paris

FORECASTS of the likely premium bour Party's Treasury affairs on British Gas's shares in first day spokesman, claimed: The bubble dealings slipped back yesterday as has burst for privatisation given. M. Rothschild, the merchant aways. The British people realise APPLICATIONS for shares in St Gobain, the French industrial group aways. The British people realise that a few more people owning with substantial glass interests, are bank sponsoring the company's flothat a few more people owning tation, confirmed that barely 4m apshares does nothing to solve the likely to be heavily scaled down in the wake of heavy demand from country's economic problems.

However, Hill Samuel, the merchant bank sponsoring the British
Airways flotation, said it was un-

Priority applications from indi-vidual investors asking for 10 shares or less could on their own exhaust the 19.5m shares being of-fered publicly in France, according to early figures from banks hanperturbed by the low-key response to the British Gas offer because it would be going for a narrower spread of shareholders. dling applications.

> lead bank in the St Gobain offer the first on the French Government's privatisation list - has already received around 215,000 applications for a total of nearly 5m shares. Credit Lyonnais has received around 212,000 applications, and Societé Générale, third in the trio of major French commercial banks, around 90,000.

Banque Nationale de Paris, the

Smaller banks have received fewer applications, but with a higher average number of shares requested per order. Credit Commercial de

Continued on Page 20

Baker to talk with Congress on trade bill

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

A FUNDAMENTAL shift in the Reagan administration's strategy for dealing with congressional initiatives on trade law reform and economic policy was disclosed yesterday by Mr James Baker, the US Treasury secretary.

The change follows the loss of Republican control of the US Senate and the debilitating effect of the White House's handling of the Iran arms deals on the President's political prestige.

Throughout this year, as part of his strategy for resisting protection-ist pressure on Capitol Hill, Mr Baker has steadfastly refused to al-low Administration trade officials to negotiate with Congress in drawing up a Trade Bill. Now he is signalling that the White House is ready to try to draft compromise legislation.

Congressional trade experts welomed Mr Baker's comments, suggesting that it would be easier for he Treasury Secretary now to work with moderates on Capitol Hill in an effort to avoid protection-

Speaking at a Congress-sponored "summit" on trade and Third World debt, Mr Baker disclosed that the administration is now prepared to work with the Democratcontrolled Congress to try to fashion a Trade Bill.

"I am convinced that working in good faith and in a bipartisan way with the new leaders of the 100th Congress... we can craft responsible legislation that will enhance Ameri-ca's international competitiveness without resorting to protection," he

Mr Baker also indicated that reform of laws governing the financial services industry will be a hig. priority. Stressing that the US needed to be "alert to the problems of debtors and leaders at home," he called on Congress "to work with us to -rectify financial problems at, home in a fashion congruent with the reforms the US seeks overseas", in Third World debtor nations.

Several factors may account for the shift in policy. Some observers in Washington believe the President, is now in a weaker position to rised by the state in which they are resist trade law reform and to susdoing business, said the court. But tain a veto of protectionist initia-

Mr Baker knows too that propos-als for trade legislation will not be narrowly focused on protectionism. Instead the Democrats are planning to introduce broader themes relating to the underlying competi-tiveness of the US economy and to

The US and the Soviet Union yesterday began two days of trade talks in Washington that could lead to increased trade between the two nations. Reuter re-

Commerce Secretary Mr Maicolumerce Secretary mr Mat-colm Baldrige said at the opening session of the US-Soviet Joint Commercial Commission that the two countries would ex-plore "the possibility of trade ex-pansion, including projects and new forms of economic co-opera-

use them to attack Administration economic policy.

The White House appears to have lecided that one way to blunt this attack is to co-operate with Congress and try to shape the legisla-tion in much the same way that the Democrats embraced the President's tax reform legislation and were able to share in the "victory" when the Tax Bill was approved.

By announcing that he is ready to work with Congress Mr Baker also leaves himself the option of deciding later to withdraw co-operation if he is not getting the sort of Bill he and the President can accept.

He will be looking for authority to negotiate in the General Agree-ment on Tariffs and Trade (GATT) talks in the knowledge that any agreement he reaches will be ap-proved by Congress without modifi-cation. The administration's current authority expires in January 1988.

Some trade experts, including Mr M. Destler of the Institute for International Economics in Washingion, have warned against a White House decision to seek Gatt agree ment authority as part of a Trade

He fears the risk of Congress passing protectionist legislation is so great with the trade deficit still likely to be around \$130bn next year that the White House should wait before seeking to negotiate on trade law reform.

In his speech yesterday Mr Baker once again fiercely resisted calls for a new approach to the Third World debt crisis including major write-downs in the value of bank loans to heavily indebted nations.

A debt write-off would preclude it markets, Mr Baker maintained. He said "debtor nations and lending institutions would be damaged severely by this counter-productive approach." He suggested that the funds saved in servicing written-down debt would "fall far short of the developing countries' needs."

Students clash with riot police in Paris protest

By David Housego in Paris

A PROTEST march which brought several hundred thousand students on to the streets of Paris last night presented the French Government with a further challenge to its university legislation.

The students some of whom later clashed with riot police, were pro testing against what they regard as the imposition of unreasonable seentry and of higher admission

They say that the legislation runs counter to French tradition of open ccess to universities for those who have passed the baccalaureat - the secondary education leaving examination - and of free higher educa-

In the wake of a protest last week Mr Jacques Chirac, the Prime Minister, offered to negotiate on all the main points in dispute. The students took his concessions to be prevarication and insisted on a

complete withdrawal of the text. Lest night's demonstration led to claims by its organisers that 1m people had taken part, making it far bigger than the demonstration of the previous week and the largest protest by students since May 1968.

The leaders of the march had reached the Esplanade des Invalides before the last groups of university and secondary school stu-dents had left the Place de la Bastille, 8 km away.

The cavalcade chanted slogans to the time of the Marseillaise and carried huge banners. Students clashed with riot police later in the evening efter hearing that the Gov-ernment had declined to withdraw

Mr Rene Monory, the Minister of Education, and Mr Alain Devaquet, the minister responsible for the universities and the author of the bill, last night saw a delegation of the student leaders. Mr Monory said that substantial changes would be made to the bill but he declined to

withdraw it. The Government hopes that it can sustain the shell of the bill while widening opportunities for secondary school students seeking university education by providing them with places in other institutes tentatively earmarked further funds for such a measure.

emerged victorious from yester-day's demonstrations, it is not clear that they could maintain the momentum of their protest.

Latest performance

Trust	Percentage increase in value	Position in sector
European	+166.0	3rd
Pacific	+80.8	6th
Worldwide Recovery	+76.8	6th
International	+76.8	7th
UK	+72.0	21st
Income & Growth	+62.3	7th
Practical	+60.0	lst
Japan	+52.1	29th
High Income	+49.9	8th
American	+31.0	17th

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Technology 32

Insurance: doors open to GM: Wall Street votes with US: key right of the Fifth UK politics: spy case that Uruguay: amnesty given as Lombard: first points to Management: restructuring Lex: Hanson Trust; Bass; Editorial comment: South Technology: IBM's software

Eurobonds 24 Letters...... 19

The Treasury, meanwhile, professed itself to be quietly satisfied that such a large number of appli-cants had been attracted to a privatisation issue which had never held out the prospect of big capital gains. As the count neared completion last night, some 3.97m applications The predictions also seem unlike - had been received. Applications y to encourage widespread interest from employees and pensioners at the privatisation of British Air were expected to take the final tally

to just over 4m.
This figure compares with 5m applicants for the recent TSB (Trustee Savings Bank) share issue and forecasts of 6m to 8m which had been

William Dawkins reports from Brussels on a long-awaited liberalisation of the rules governing free trade in insurance

Court judgment opens door to lucrative European market

unless they sre physically established there, sparked an EEC-wide investigation by tha European Commission. This European Commission. reached its climax yesterday with a far-reaching judgment by the European Court of Justice on cases brought by tha

FOUR YEARS ago the West Germany, France, Ireland and German insurance anthorities. Denmark bad broken the Treaty provoked an international for Reme's rules on free trade storm when they fined Mr Franz in aervices by insisting that some broker, for selling British policies to local clients.

Mr Schleicher's dogged refusal to eccept the validity in European law of German regulations which forbid foreign insurers to do German regulations which forbid foreign insurers to do German regulations which forbid foreign insurers to do German regulations which size physically as a substantial—though inalso a substantial—though in-complete—victory for the Com-mission and Britain and the Netherlands, its supporters in

where such restrictions could be justified by the need to safeguard private consumers. But anthorisation was not an cached its climax yesterday this legal battle.

The court ruled, in a series of judgment y the European Court of custice on cases brought by tha 200 pages, that "the recustrels authorities against our member states.

The court ruled that West of free trade in services. But fendants' practice of insisting in the authorities of authorities of judgments running to more general insurance.

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the court.
Tha full practical impact of the decision will not be clear until legal experts bave sorted out just how far member states will be allowed to go in setting

prospect opened up by yester-day's ruling is the German in-surance market, by far the blg-gest in Europe, with non-life premium income of \$19.5bn in 1984, nearly twice the size of its UK counterpart, according to the latest industry figures. The other three countries mentioned in the case, Franca, Ireland and Denmark, had a combined premium income of almost \$15bn in the same

is likely to be welcome for the opportunity it gives for Britain and the Netherlands in parti-cular to sell more actively higher value added services. like satellite cover, or talior made policies in which they have special skills. It is meanwhile unclear bow insurance experts leasy outside insurers will find

it to gain access to a more liberal German insurance mar-ket. Direct links between local insurance companies and indus-trial customers tend to be far stronger there than in the UK. where brokers are contrastingly more dominant than their Ger-

man counterparts.
Yesterday's mova might also
belp to unblock an EEC draft directive setting out rules by which insurance companies can do business in other member states. The so-called insurance services draft directive has services drart directive has been bogged down by technical argument for 11 years, constituting an important barriar to the Community's policy of building e free Internal market, e task which it is nladged to e task which it is pledged to

monthly, reports to the council

of Employment, away from such

traditional areas of interest as

industrial relations and more

Danes cash in on border bargains

THE DANISH authorities face

THE DANISH authorities face an increasing problem from the surge in border trade with West Germany.

Danes pour in thousands across the border every day to shop for everything from petrol, wine, food and television sets in the federal republic, where the taxes are significantly lower than in

The Institute for Border Regional Research, In Aabenraa, Denmark. land, estimate that Lanes cross land, estimate that Lanes cross near the frontier in South Jut-the Jutland frontier to West Germany 7m times a year, spending DKr3.4bn (£320m) in German shops, about 1 per cent of total private consumption ex-

penditure.
The trade is big business for The trade is big business for coach and ferry comranies, who organise outings with the exclusive purpose of spending money in West German shops. One ferry service recently did away with ticket prices, relying on income from the sale of duty-frees in the superparket on board.

board. Now, the Tax Minister, Mr Now, the Tax Minister, Mr
Isl Foighel, faces e new challenge. Last Fridsy, a television
and radio dealer in Padborg,
near the Jutland border, broke
new ground. By bis system,
customars order items in his
Device, show and receive a customars order items in the Danish sbop and receive a Danish guarantee and instruction book, but they collect and pay for the product from a store he has established just ecross the border.

As long as the item bought does not cost more than DKr 2,300 (£217) it may be brought into Denmark without heing subject to Danish taxes and duties.

Within hours, other stores all over the country were promis-ing to go into the same business. Some said they would provide free hus trips to enable their customers to pick up ibeir goods in West Germany. The Danish value added tax

at 22 per cent is the EEC's highest. There are also steep highest. There are also steep purchase taxes on most consumer durables. Danish television dealers, for example, are therefore able to sel. a set for delivery in West Germany at under DKr 2,300 and still make a profit, although the cost for the same set in Denmark would be about DKr 5,000.

Mr Folghel has said initially that there is nothing he can do to stop the new scheme, but he ls under political pressure from the opposition to take measures to stop it, if necessary by changing the law.

Meanwhile, a new problem lies ahead. The EEC has given Denmark a special dispensation dnty-free allowance of spirits and cigarettes unless, they hava sation for one more, year, but wants the 48 hours reduced to 24 in 1988 and the stay-away period eliminated altogether by 1991.

Italy to spend L10bn on Aids campaign

THE ITALIAN Government is planning to spend at least Library of Li Aids cases in Italy may rise from 430 to 10,000 by 1990. Ministers and bealth officials have been alarmed by an outbreak of 12 cases in the past three months among male juveniles between the ages of 13 and 16. As elsewbere in the

TOUSK NAME_

ADDRESS.

Mr Carlo Donat Cattin, tha Minister of Health, said yester-day he is still finalising his plans. Italy's research effort into the disease and development of

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CH7 6NB.

Leaders of a new privately funded campaign, the National Association for the Struggle against Aids, have revealed estibreak of 12 cases in the past a health care programme is mates thus week that the three months among male generally behind that of many number of Italian cases could juveniles between the ages of Western countries and the rise to 9,000 by 1988 and 10,000 to 13 and 16. As elsewhere in the spending programme will try by 1990. Half the cases so far world, Alds sufferers are pri-

Clwyd

homosexual community say they have been unsuccessfully seeking initiatives from the Ministry of Health for two years. In particular, they are asking for confidential health screening and are threatening to boycott Aids tests unless e guarantee of

Czech call for wide changes in economy By Leslie Colitt,

recently in Frague LEADING Czechoslovak conomist has advocated a wideranging market-oriented economic reform in order to reverse his country's reletive industrial decline since 1945.

Mr Valtr Komerek, head of the Institute of Economic Fore-casting which advises the Government, said in an inter-view that Czechoslovakia needed a "renaissance of the market" while retaining full employ-

Management needed to be more independent than under the present "inflexible" centhe present "intexpole" cen-trally controlled system. Wages should be differentiated while the prices system would have to reflect "real costs." State subsidies to loss-making com-panies should be phased out. The central committee of the echoslovak Communist Party is scheduled to meet shortly to discuss measures to revitalise the economy. They are likely to fall well short of Mr Komarek's suggestions, how-

per capita gross domestic product was now close to thet of south-eastern Europe, while in glum—for exchanging confidender detergents, cosmetics, paints the 1930s the highly industrialised Czech region outranked competition rules.

Glum—for exchanging confidenders detergents, cosmetics, paints that information in defiance of and resins, the Commission said trialised Czech region outranked competition rules. enced forced industrialisation after 1948 whila Comecon tended to "lump its members together," not taking into account their industrial tradi-

EEC expected to fix priorities in fight against unemployment

EUROPEAN EMPLOYMENT ministers are expected next week to agree to a new package of priorities aimed at alleviating unemployment in all EEC member countries.

Following informal meetings of the ministers in Edinburgh in September, the Employment Conneil next Thursday is expected to approve formally a resolution to be tabled by the UK Government on future em ployment policy.
Final details of the resolution,

worked out in conjunction with the Irish and Italian govern-ments, are still being drafted. However, it will list four main areas for priority attention:

• Assistance for small and medium-sized enterprises, and

the self-employed.

• More flexible employment patterns and conditions of work.

Better training for both young people and adults.

• Increased help for the long-term unemployed.

The initiativa is mainly the result of efforts by Mr Kenneth Clarke, the Paymaster General, and follows the formal tabling et the council's last meeting of a UK paper called Employment Growth into the 1990s—a Strategy for the Labour Market. This made more than 40 sugges-



Clarke: significant

broad themes of the council's resolution, for improvements in

significant that the UK Govern-

of ministers on detailed progress in all four principal areas. However, they are aware of the need to win formal agreement to the new priorities, and so may not press at this stage for such specific proposals on timing. The proposals are exactly in line with the change of direction within the UK Departmen:

mployment. Mr Clarke said yesterday: "It's

ment can get such wide agree-ment throughout the whole of Europe on this despite considerable differences in political base and geography."

UK employment ministers are keen to try to put e fixed timetable for the implementation of the new policies and

british ministers are particu-larly pleased that the expected agreement will mark a shift in focus of the council's work, away from harmonisation of employment protection issues, and elements which the UK regards as social engineering, such as the Vredeling and 5th Directive proposals on in-dustrial democracy.

Vredeling was rejected by the UK Government, and at the council's dast formal meeting, earlier this year, it was agreed that the issue should not even be discussed again until 1989. The new proposals will form This made more than 40 suggestion of the new policies, and in the stimulation of entertions, grouped under the four would like to see the European prise.

Business secrets swap brings fine

THE EUROPEAN Commission The three companies have business secrets, provided each has imposed a token this ben fined to them with a means to moni-Ecu 50,000 (£36,000) on three reached in 1979; to exchange tor the activities of its major major acid manufacturers— information about their sales of competitors and to adjust its Unilever, the Anglo-Dutch oleine and stearine, fatty acids group. Henkel of West which are used as constituents Germany, and Oleofina of Belfor products such as soaps and

rather than more elaborate

exchange of information, normally regarded as

competitors and to adjust its the Commission said.

. The arrangement was discontinued in 1982 at the suggestion of the Commission. "before they develop into full-hlown cartels or produce all their damaging effects on the

Without export insurance you could be heading for a fall.

Running an export business without export insurance is like paddling down the river without a map; you just never know what lies ahead.

Take non-payment for example. One bad debt can cause havoc with your cashflow and turn the tide on profits.

The non-payment of, say, a £20,000 contract could erode the profits on a much larger piece of business. All that work wasted when the £20,000 could have been covered for as little as £80.

In such an unpredictable trading environment, the cost of ECGD insurance seems a small price to pay compared to the damage caused by a bad debt.

ECGD is used by 4 out of every 5 companies who insure their export sales, and can tailor a competitively priced package to suit your individual needs.

Before you set off down the river, speak to your local ECGD Regional Director. He could save you from having to bale yourself out.

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Harry Barnes in Capenhie

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EUROPEAN NEWS

European groups named in \$14m **SDI** contracts

BY DAVID BUCHAN IN BRUSSELS

THE US yesterday announced the award of \$14m worth of contracts to seven international consortia, comprising 51 US study possible defences against short-range Soviet missiles tar-

companies—three of the seven prime contractors end 26 of the 44 sub-contractors hrought into the three-year-old US Strategic Defence Initiative hit. (SDI) programme so far. Britain has now won \$25m of SDI contracts with seven UK companies among the sub-con-

tractors named yesterday.
Amouncement of the con-Amouncement of the contracts, which bave yet to be negotiated in detail next month, was made by Mr Caspar Weinberger, the US Defence Secretary, at the start of the two-day Nato Defence Ministers' meeting in Brussels.

The announcement was brought forward to highlight the heading of the US SDI pro-

the benefits of the US SDI programme to European allies and to coincide with Alliance discussions this week of the short-range Soviet missile threat. This is already the subject of a "threat assessment" study by Nato's air defence committee due to be presented to ministers

next spring.
Mr Weinberger claimed that defence against short-range missiles, such as those aimed at Western Europe, was easier than against the long-range inter - continental missiles targeted on the US.

His claim was clearly aimed et dispelling European pessi-mism that whatever henefits SDI might secure for the conand European companies, to tinental US, it would not belp the more vninerable region of Western Europe.

The seven contracts, worth

film each, embrace by the far
largest number of European

companies—three of European that short-range Soviet missiles
— despite their shorter flight
time — carried no decoys and were thus easier to track and

> The contracts, to be awarded finally in January and to be concluded next July, are for the study of current and potential missila threats and for possible missila threats and for possible and the seven successful consortia are LTV Aerospace and Defence, RCA, Hughes, Lockheed (US), Messerschmitt, Bolkow, Blohm (West Germany), Cosyde (a joint venture of Aerospatiale and Thomson CSF of France, and SNIA BPD (Italy).

Twenty-nine of the 51 companies involved are European.
A French group is also namad despite the fact that the French Government has not signed a formal accord with Washington on participation in SDL

Mr Richard Perle, the US Assistant Secretary for International Security Affairs, said the companies had been "selected on technical merit alone." Participation did not require their governments to have signed memoranda of understanding with the US. derstanding with the US.

Brussels, Cologne, Amsterdam and London by the Channel Tunnel, to enable the project to be launched by the end of 1987 or early 1988, Mr Jacques Douffiagues, the French Trans-port Minister, said yesterday. - He said the proposed high-speed train link —or dtain a

Netherlands on December 22 at the Hague. British Govern-ment representatives are ex-

The meeting will review

decide on the route and on the financing of the project. The French minister said the project was viable and could be finenced

Mr Douffiagues sald yesterday that the link offered Europeen rail industries a good oppor-tunity to collaborate. He acknowledged that France is expected to lead the way, in view of the lead it has taken in high speed rail technology with high speed rail technology with its successful TGV.

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A FINANCIAL TIMES SUMVEY CHANNEL ISLANDS The Financial Times proposes to publish a survey on the above on WEDNESDAY DECEMBER 17 1985

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Pact wants Stockholm troop talks

By Patrick Blum in Vienna

THE WARSAW PACT favours holding new wideranging "all-European conventional arms reductions talks" in a second phase of the Stockholm disarmament conference, a senior Soviet spokesman said yesterday. He was speaking at the end of another inconclusive round of the Mutual and Balanced Force Reduction (MBFR) talks in Vienna.

The MBFR talks covering only central Europe have been deadlocked for years and the Warsaw Pact has recently pressed Nato to agree on an aarly minimum accord covering only symbolic troop cuts so as to open the way for broader discussions on sub-stantial force reductions "from the Atlantic to the Urals."

Mr Valerian Mikhailov, the head of the Soviet delegation at the MBFR talks, said yesterday that the successful ontcome at the recent Stockholm conference proved that it was possible to reach agreement even in a broader

Neto by commast believes that a large forum may make agreement more difficult to

Reykjavik looms large over EEC summit

BY QUENTIN PEEL IN BRUSSELS AND ROBERT MAUTHNER IN LONDON

THE EUROPEAN Community heads of government, who will be meeting in London today and tomorrow, will attempt to work out a more co-ordinated stance on East-West problems, particularly disarmament, in the wake of the abortive Ussoviet summit in Reykjavik last of the abortive Ussoviet summit in Reykjavik last of a more acceptable arms content will recent meethous formal agenda of the formal agenda of the formal agenda of the summit covers less controversial suspense. Such as joint action against terrorism and drugs, cooperation in campaigns against terrorism and drugs, cooperation in campaigns against terrorism and drugs, cooperation in campaigns against third of the EEC hudget, and the need for more hudget finance, are questions on which currently absorbs two-particularly disarmament, in the wake of the abortive Ussoviet summit in Reykjavik last.

The discussions about arms controvers less controversial summit covers less controvers less co

Their discussions on this subject, which will dominate their informal dinner-table talks on Friday night, are taking place against a background of anxiety that the US did not take since the disclosures sufficiently into account the interests of West Europe at Reykjavík.

The most devisive issues on the most devisive issues on the EEC calandar—agricultural the most devisive issues on the EEC calandar—agricultural the beads of government.

The most devisive issues on the block any common stance by the beads of government.

The most devisive issues on the beads of government.

The most devisive issues on the beads of government.

Funding the Commission's proposed Ecu 7.7bn (£5.6bn) inversarch programmes agreed strategy is to step up another question on which Bonn is determined to display rigorous budget discipline—in common stance by the EEC calandar—agricultural the beads of government.

Funding the Commission's proposed Ecu 7.7bn (£5.6bn) inversarch programmes agreed strategy is to step up another question on which Bonn is determined to display rigorous budget discipline—in common with Britain and airportis—while seeking to a court the expected to avoid any direct the EEC calandar—agricultural the beads of government.

Funding the Commission's proposed Ecu 7.7bn (£5.6bn) inversarch programmes about US arms sales to Iran.

—will be touched on but barely dissected, British officials expected to avoid any direct the EEC calandar—agricultural the beads of government.

Funding the Commission's proposed Ecu 7.7bn (£5.6bn) inversarch programmes about US arms sales to Iran.

—will be touched on but barely dissected, British officials expected to avoid any division. control will inevitably lead the Reykjavík. be expected to avoid any direct.
Though Mrs Margaret criticism of the US administraThatcher, the British Prime tion, particularly in their final Minister, succeeded in pinning communique, whatever may he down President Ronald Reagan said in private.

The most devisive issues on

The imminence of a general election in West Germany next tributors to the EEC budget.

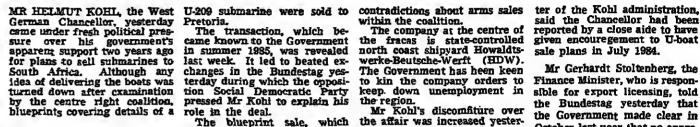
month, has persuaded both the Agricultural reform, the remonth, has persuaded both the European Commission, and the British presidency, not to bring transport will all come to a head That strategy fits in with the seerch programme and air ambition of removing all intertransport will all come to a head transport transport will all come to a head transport will be a head transport will be

so soon.

Both measures to reform the Common Agricultural Policy, twhich currently absorbs two-thirds of the EEC hudget, and the need for more hudget finance, are questions on which Chancellor Helmnt Kohl might block any common stance by

nal frontiers.

Kohl under attack over sale to Pretoria



Mr Kohl: called to explain

within the coalition.
The company at the centre of the fracas is state-controlled given encouregement to U-boat north coast shipyard Howaldts-werke-Beutsche-Werft (HDW). The Government has been keen

the region.
Mr Kohl's discomfiture over The blueprint sale, which appears to bave infringed UN agreements on arms embargoes to South Africa, has exposed to South Africa, ha

Mr Gerhardt Stoltenherg, the to kin the company orders to Finance Minister, who is respon-keep, down unemployment in sible for export licensing, told the Bundestag yesterday that the Government made clear in

Paris calls for moves on rail link By Paul Betts in Paris

FRANCE WILL press its European partners this month to iron out differences over the construction of a high speed train network linking Paris,

grande vitesse (TGV) — was a major European infrastructure project. Its future would be discussed at a meeting of transport ministers from France, Belgium, West Germany and the

pected to attend. study recently completed by experts from France, Belgium, West Germany, the UK and the Netherlands. The project would cost up to FFr 38bn (£4bn).

Mr Douffiagues said the countries involved must make a decision by early 1988 if the link is to come into service hy 1993, the year the Channel Tunnel is scheduled to come into operation.
The countries will have to

privately.
France insists that the project

he financed privately to avoid burdening either the Govern-ment budget of the indebted French state railways.

The French partners in the fixed link scheme see the rail project as crucial for the via-bility of the Channel Tunnel.

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For further Information

W German growth slows

WEST GERMAN economic growth slowed in the third quarter after the boost in output in the early summer, according to official figures, writes David Marsh in Bonn. Seasonally adjusted GNP rose 0.5 per cent in real terms during the quarter compared with 3.5 per cent in the second quarter. This was 2.4 per cent above the third quarter of last year, roughly the same as the overall year-on-year rise in GNP in the first half of 2.5 per cent.

The Consumer price index in November was 1.2 per cent below the figure in November 1985, compared with annual falls of 0.9 per cent and 0.4 per cent in October and September to official figures, writes David

cent in October and September respectively.

Commission in court Five EEC member states have taken the European Commission to court to contest whether it has the right to demand information from them on workers, William Dawkins in Luxen bourg. West Germany, France the Netherlands, Denmark and Britain yesterday argued at the European Court that Brussels was overstepping its powers in demanding statistical information shout migrant workers from non-EEC countries.

Environment pledge

The European Commission plans a tougher stand against breaches of environment regu lations, Environment Commis sioner Stanley Clinton Davis said yesterday, Reuter reports from Brussels. He was unveiling plans to spend Ecu 10m (£7.3m) to promote European Environment Year, which begins next March.

Polish anger

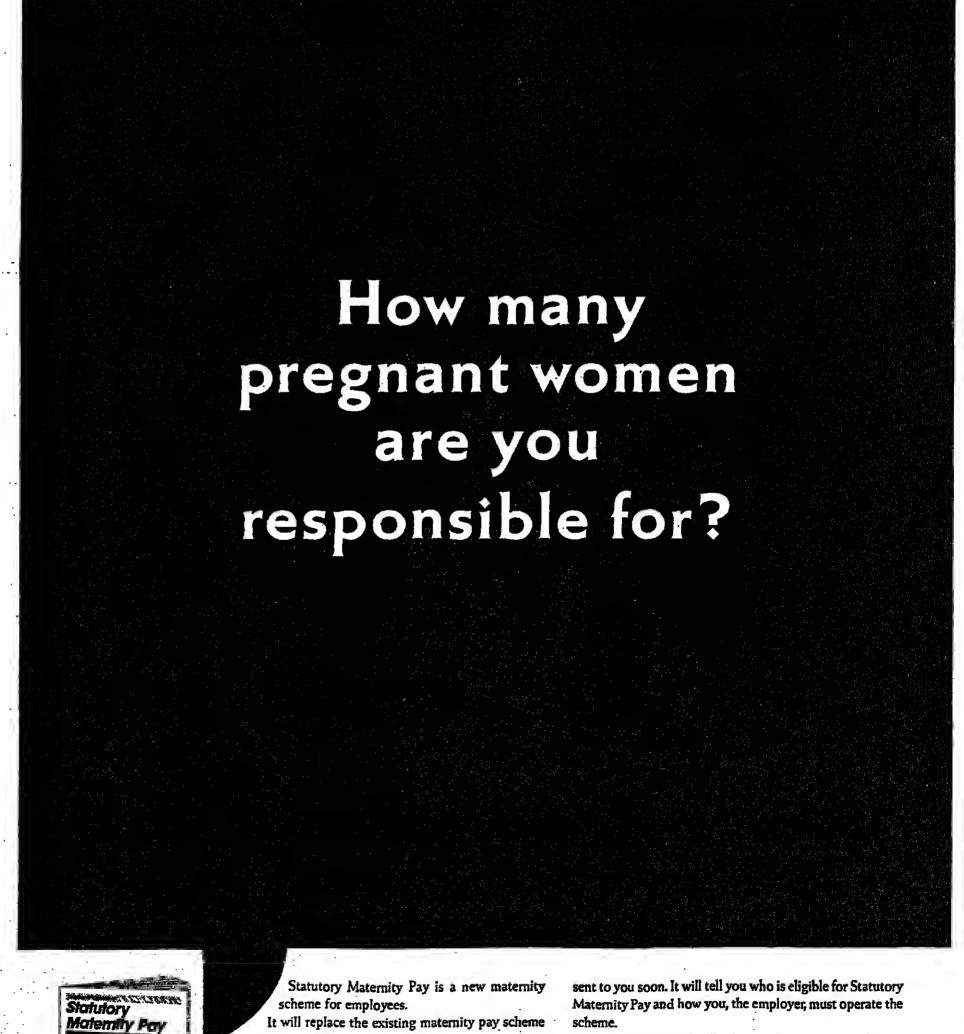
Officials in Katowice, Poland'a most bigbly industrialised area, have complained bitterly about the lack of warning from Czechoslovakia abont a serious oil spill which has had to be cleared along a 50-km stretch of tha River Oder in Poland, writes Christopher Bohinski in Warsaw. The Poles say they bare cleared more than 190 tonnes of the oil from the river, while the Czechoslovaks admit to spilling 20 to 30

G10 bid by Austria
Austria has applied to join the so-called Group of Ten advanced Western countries, writes Patrick Blum In Vienna A Finance Ministry official said Austria wanted to be more closely involved in some of the important economic decision-making processes with-in the EEC and among Western industrialised nations.

Air fares hope

The UK helieves that Western European views on greater liberalisation of air transport are now swinging Britain's way. and that "we have the makings of a real movement towards the liheralisation of air fares," writes Michael Donne.

Mr Michael Spicer, Minister for Aviation, said yesterday on his return from talks in Portu-gal, that he thought that country would opt for a deregu-lation policy if it were generally accepted bythe EEC.



run by the Department of Employment, and maternity allowance paid by the DHSS.

Employers will be responsible for paying Statutory Maternity Pay to their employees, but they will be able to recover the amounts they pay out in full. The new scheme starts from April 6th 1987 for women whose babies are due from June 21st 1987.

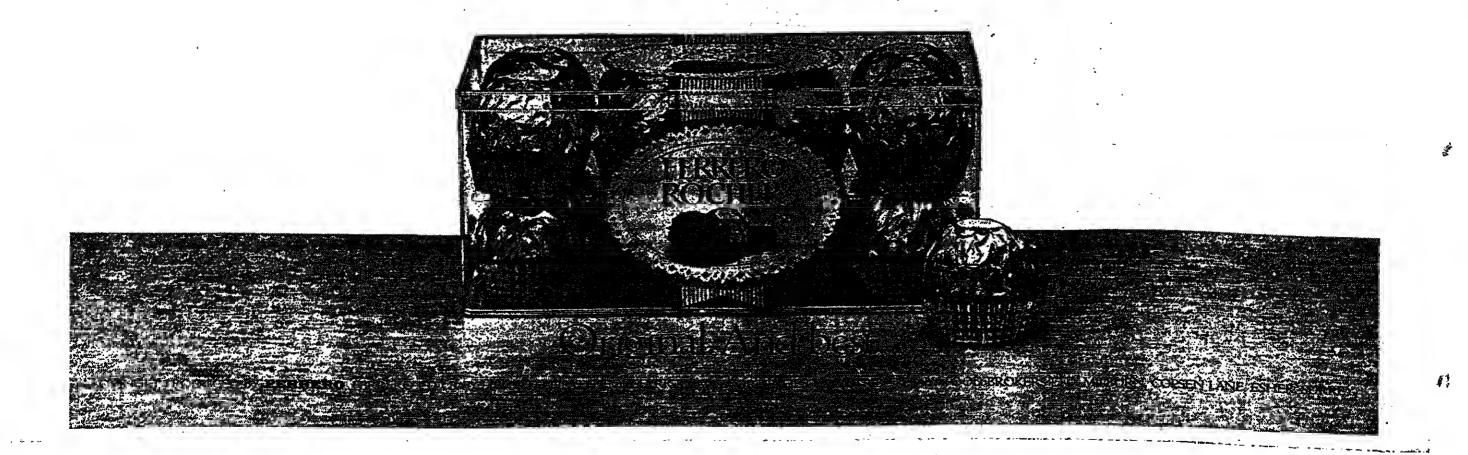
An Employer's Guide to Statutory Maternity Pay will be

You will need the Guide to help you prepare for the introduction of Statutory Maternity Pay. So if, as an employer, you haven't received it by December 15th, please ask for it at your social security office or write to: DHSS Leaflets Unit, PO Box 21, Stanmore, Middlesex, HA7 1AY.

Reforming Social Security

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It imitation is the sincerest torm of flattery were very very, very, very flattered



Egypt charges religious extremists

≠mber 5 16%

The state alleges that the accused are connected with the proscribed Islamic Jihad (Holy War) organisation, involved in the assassination of late President Codes

will be infiltrated by religious tives."

with planning an insurrection.

The accused face up to 25 years in jail with hard labour.

were arrested three to four months ago in Cairo and elsewhere in Egypt. Three of the civilians accused of involvement in the plate are still at the plate are the four months ago in Cairo and elsewhere in Egypt. Three of the civilians accused of involvement in the plate are still at the plate are still at the plate are the four months ago in Cairo and elsewhere in Egypt. Three of the civilians accused of involvement in the plate are the four months ago in Cairo and elsewhere in Egypt.

According to Egypt's official underlying the system of government. It also urged hatred and contempt for this system and incited resistance to public authority."

The fundamantal principles underlying the system of government. It also urged hatred and incited resistance to public authority."

The defcodants are accused to the fundamantal principles underlying the system of government. It also urged hatred and incited resistance to public authority."

EGYPT, in its continuing drive against the religious extremists, says it has uncovered a plot by military officers and others to overthrow the Government.

Egypt's state prosecutor general yesterday charged four reserve officers and 29 civilians with planning an insurrection.

EGYPT, in its continuing drive extremists dedicated to a radical Islamic state in Egypt defandants of armed robbery to obtain money to finance the group's activities. Several shops officers charged range from lieutenant to major. It was a means to achieve that end.

The four junior reserve bed by the gang, it said. The formal indictment accused some officers charged range from several shops officers and the 26 civilians were robbet by the gang, it said. The formal indictment accused some officers charged range from several shops officers and incurrent to major. It was a group's activities. Several shops officers charged range from several shops of the reserve officers charged range from group's activities. Several shops officers and the 26 civilians were robbet by the gang, it said. The formal indictment accused some radical Islamic state in Egypt defandants of armed robbery to obtain money to finance the group's activities. Several shops of the reserve officers charged range from several shops of the reserve officers charged range from group's activities. Several shops of the group's activities of the reserve officers charged range from several shops of the president of the prosecutor. The four defendants, who will be tried in a state security court, "founded, natticipated in and directed a naticipated in and directed a naticipated in and directed a naticipated in and directed and the prosecutor. participated in and directed a group advocating opposition to the fundamental principles

engineers, doctors, teechers, university students, farmers and lebourers.

Those charged yesterday bring to more than 100 the number of Moslem extremists awaiting trial for plotting to overthrow the Government.

On September 1, 75 alleged The Government's persistent ing the Government in Egypt, of ohtaining firearms, explositions and bava used violence and security apparatus force to achieve their objections.

With the intention of overthrow—The defcodants are accused religious extremists were charged with calling for a holy sives and ammunition "with the war against the Government, and fire bombing video clubs, and fire bombing video clubs, contributed by a religious extremists were charged with calling for a holy sives and ammunition of undermining public and fire bombing video clubs, contributed by a religious extremists were charged with calling for a holy sives and ammunition of undermining public and fire bombing video clubs, contributed by a religious extremists were charged with calling for a holy sives and ammunition of undermining public and fire bombing video clubs, and the contributed by the contr

disturbance."

Most mines in South Africa have their own security forces to deal with trouble but Gencor said security personnel at Grootviei did not assist the police.

Australia announced a han

Australia announced a ban yesterday on more than \$20m (£14m) worth of coal, fron, steel and agricultural imports from South Africa under an agreement reached by Com-monwealth leaders earlier this year, Reuter reports from Canberra.

S African miners stage strike after shooting

THOUSANDS of miners went on strike at a South African gold mine yesterday after police shot and killed a miner the previous night, mine owners said, Reuter reports from Johanneshurs

neshurg.
Almost the entire day shift of 5,000 miners at the Grootviei mine 30 miles east of Johannesburg were staging an "illegal strike" following the incident in which eight other people were injured, General Mining Union Corp (Gencor)

The company said the violence erupted after between 100 and 200 workers left a union meeting at the mine and caused a dis-

"Residents of the area apparently summoned the police who had to quell the

MI5 case delayed further as UK Government wins right to appeal

Turnbull: 'unconscionable'

FRESH DELAYS have engulfed the MI5 spy memoirs case in Sydney after the British Government yesterdey won the right to appeal against an order to hand over confidential documents to the defence. The decision was made by the three judges of the New South

Wales Court of Appeal, and provided a small but encourag-The UK Government wants the state Supreme Court to prevent Heinemann Australia publishing the memoirs of Mr Peter Wright, a former MIS

Hearing of the British appeal has been set for next Tuesday, but a quick decision is far from certain. The three judges must determine whether Mr Justice

Philip Powell, the Supreme Court judge, was correct this week to turn down Britain's claim of "public interest immunity" against handing

week to turn down Britain's claim of "public interest immunity" against handing over the documents.

Pending the outcome, Sir Robert Armstrong, the British Cabinet Secretary and chief UK witness, fiew out to London yesterday, promising to return to Australia for further crossexamination when needed.

The defence is now expected to put the ailing Mr Wright on the stand, probably on Monday. This is earlier than his lawyer, Mr Malcolm Turnbull, had wished hut his plans have been overtaken by events

Turnbull: MRCONSCIONALIS INTERCLATION INTERCLATIO

the material contained in Mr Wright'e memoirs.

The British Government says Mr Wright's memoirs are those of an "insider" who owes a life-long duty of confidentiality not to disclose such information. As for the documents, it says these should not be released on grounds of national security and will not help the defence's case. defence's case.

Yesterday's developments came es a controversy unfolded over allegations in Britain that a member of Mr Wright's dea member of Mr Wright's de-fence team wee leeking confi-dential information from court proceedings held in camera. The allegations, made in the House of Commons and said by tha defence to have heen fuelled by British officials, have in-furiated Mr Turnbull, who brought the matter to the atten-tion of the court.

tion of the court.

Israeli gunboats pound Palestinian camps

the powerful Druse community
which controls much of the
mountainous centre of Lebaround two Palestinian refugea

israeli gunboats bombarded palestinian refugee camps in southern Lebanon yesterday as yet another attempt to reach a ceasefire was announced by Lebanon'e leaders.

This is the third time Israel has thrown its military force behind Amal in the two weeks since the fighting with the PLO started. Earlier, tha Israeli air Saudi Arabia to end the blood
anon, announced yesterday of Beirut. Amal spokesmen said that their forces are on the verge of capturing the Chatilla was confirmed by Mr Nabih Berri, leader of the Amal, who said: "Now its up to the Palestinians."

This is the third time Israel since the fighting with the PLO started. Earlier, tha Israeli air Saudi Arabia to end the blood-

has thrown its military force behind Amal in the two weeks since the fighting with the PLO started. Earlier, tha Israeli air Saudi Arabia to end the bloodforce staged two raids on shed around the Palestinian Palestinian targets in the Sidon area.

Mr Walid Jumblatt, leader of the powerful Druss community.

Tank movety and artillers.

camps of Ein Hilweh and Mich Mich during a morning raid which lasted more than half an

The attack came as the two sides were locked in shelling duels around the neighbouring billtop town of Maghdousheh, five kilometras south of Sidon.

Reports from Abn Dhabi claimed that Palestinian fighters dispersed in Arah countries since their exodus from Lebanon after the 1982 Israeli invasion are being mobilised for defence of the heseiged refugee

camps in Lehanon.

Iran offers to help repair Abu Dhabi rig hit in raid

BY RICHARD JOHNS

IRAN has offered to assist had Dhabi with the repair of the off-shore oil platform operating the Abu al-Bukhoosh oil field in the Guly hit in an air, raid on November 25 which left eight workers dead, including two Frenchmen.

The initiative is one of the form its side of the field in a

The initiative is one of the stronger twists in the increasstronger twists in the increas-ingly convoluted diplomacy of the Gulf conflict. Total, the sub-sidiary of Compagnie Francalse des Petroles, which operates the field is understood to be satisfied that Iran rather than Iraq was responsible for the attack.

Tehran has vigorously denied that its aircraft carried cod the attack and accused Iraq., But a French military officer who happened to be on the platform at the time is understood to have identified the stood to have id aircraft which bombed it as an

from its side of tha field in a response to a demand by Iran. The Sassan field was put out of action by an Iraqi raid last

The conciliatory Iranian offer to Abu Dhabi—with which Tehran wishes to maintain good relations—comes in the wake of its threat to Arah countries

the wake of reports that Iraqi aircraft landed at Saudi air The initial assumption had been that the Iraqis had hit the facility after mistaking it for a nearby Iranian platform work-

Zimbabwe frees opposition leader from detention

BY TONY HAWKINS IN HARARE

tion Mr Dumiso Dabengwa, a leading member of the opposition Zapu party, thus remov-ing a major obstacle to a unity agreement with the ruling Zanu party of Mr Robert Mugahe, the Prime Minister.

Talks aimed at merging the two parties and creating a de facto one-party state have heen taking place for over a year.
The release of Mr Dabengwa,
seen as second only to Mr
Joshua Nkomo in the Zapu hierarchy, was seen as an essential precondition to their suc-

However, Mr Dabengwa's immediate criticism of the Mugabe government at a Press con-ference after his release yesterday suggests that some further concessions may still be needed. Mr Dabengwa, who was com-mander of Mr Nkomo's Zipra guerrillas during tha war against the Smith Government,

THE ZIMBABWE Government ernment, but has been in deten

tion ever since. Also released were two other senior Zapu officials and two former members of Zimbabwe's Central Intelligence Organisation, Mr Colin Evans and Mr Phillip Hartlebury, Both men, who bold British passports, were released on the under-standing that they would leave Zimbabwe immediately. They were also acquitted in 1981 on charges of spying for Pretoria,

At a news conference, Mr Dabengwa criticised the Government for his "unjust imprison-ment" and denied that there had been any conditions attached to his release. Earlier. Mr Nkale had said that the three Zapu officials would help the Government to end the dissident banditry in the western province of Matabeleland, but Mr Dabengwa told newsmen that this was "an unfortunate state-

ment. "We have no assurances to was arrested nearly five years ago following the discovery of arms caches on properties owned by Mr Nkomo's opposition Zapn party. In 1983 be was acquitted on charges of plotting a coup against tha Gov-

Jakarta under pressure to dismantle trade monopolies

BY JOHN MURRAY BROWN IN JAKARTA

THE INDONESIAN Govern--which attacked the use of ment is under mounting public monopolies, further alleging pressure to dismantle a network that many were controlled by of trade and import monopolies members of President Suharto's which many consider the main family. cause for the country's high-cost

The system, whereby government-approved agents control gurus, Dr Ali Wardhana, the supply and so set the price for Economics Minister, and Mr vital industrial inputs, has been strongly criticised by foreign Minister, both of whom are economists, most notably the believed to favour reform.
World Bank, Calls for reform Indonesia, the world's

In an unprecedented step cent of export earnings and 55 earlier this week Mr Bustanii per cent of state budget re-Arifin, the acting Trading ceipts.

Minister, sought to defend the Reuter adds from Jakarta: Inwas in part seen as a response raise domestic funds, to meet to recent articles in the Hong its spending commitments and Kong-based Asian Wall Street Journal—all of which were Journal—all of which were banned by the Attorney General governor, said.

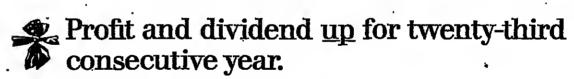
the absence of comment by tha Government's leading financial

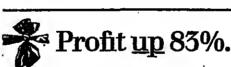
World Bank. Calls for reform are now being taken up by the normally circumspect local press reflecting a gathering public concensus for the Government to take action.

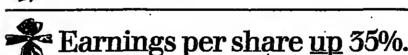
Indonesia, the world's fifth most populous nation, is currently adjusting to a dramatic soncensus for the Government to take action.

Minister, sought to defend the system, which he said "helped donesia will resort more to maintain price stability." This was in part seen as a response raise domestic funds, to meet

Hanson Trust Results







28% Annual growth in eps over last 10 years.

Dividend <u>up</u> 33%.

One for three scrip issue.

Balance sheet shows £3.5 billion in cash.

For further information contact: Hanson Trust PLC, 180 Brompton Road, London swiff. Telephone: 01-589 7070

A company from over here that's also doing rather well over there.

Racal takes share of Saudi AWACS package with Boeing

junction with Westinghouse and ITT, also of the US. In return, these companies will gain a \$3.5bn contract to pro-

vide Saudi Arabla an air defence computerised command, control and communica-tions system (called Peace Shield) for use with the AWACS (Airborne Warning and Control System) which Boeing is providing to that The Boeing/Racal-Tacticom

deal is part of 10 separate industrial developments in the overall Saudi offset package. Other elements in the package, in which other companies will become engaged, include the provision of aircraft over-baul, biotechnology, applied technology, power generation, helicopter assembly, medical products, computing, aircraft component overhaul and tele-

communications. Racal-Tacticom/Boeing

RACAL-TACTICOM, part of and support in service both the Racal Electronics Group, military and civil electronics, RACAL-TACTICOM, part of the Racal Electronics Group, has won e deal from Boeing of the US to provide between \$300m and \$500m of tactical radio equipment to Sandi Arabia over the next 10 years.

The deal is part of an offset arrangement hetween Boeing developed GEC/British Aerospace of the US, in conjunction with Westinghouse.

A decision on that contract The Racal/Boeing deel is not directly linked with the current Boeing hid to win a major UK contract to provide AWACS to the RAF in place of the UK-developed GEC/British Aerospace Nimrod system.

A decision on that contract is expected to be taken soon by the UK Cabinet, following intensive evaluation by the

the UK Cabinet, following intensive evaluation by the Ministry of Defence.

It is expected that although the Racal Saudi deal is not directly connected with the UK's AWACS/Nimrod situation, it will be cited by Boeing as an example of the kind of offset arrangements that can be brought to UK industry by Boeing if it is given the AWACS contract here.

Boeing might even argue that

Boeing might even argue that the Saudi offset pact with Racal should be included in the overall volume of offset being offered to UK industry in return for AWACS.

Meanwhile, Racal yesterday said it was "delighted" with its share of the Sandi offset Mr Martin Richardson, chair-man of the Racal Radio Group,

deal will be controlled by e new company. Advanced Elecnew company, Advanced Electronics Centre (AEC), jointly owned by Boeing Industrial Technology Group (BITG) and individual Saudi investors. AEC will design, manufacture would includes Racar action, said the successful implementation of the project would consolidate the group's position as a leading supplier of tactical radio equipment in Sandi AEC will design, manufacture

Marubeni wins Y30bn

on Japanese equipment export prices, more than 90 per cent

bouses can remain competitive next year, with given the yen's value. Their scheduled for 1989.

by other US companies, The of the value of the contract plent will be built in New would be procured locally in the Us. Only the steam turbloe will be made in Japan. It will be supplied by Toshiba.

Marubeni asid the plant would generate 180,000 kw of electric power as well as supplying

Stewart Fleming reports on a bid to use the trade issue as an electoral winner

Democrats try to shake off the protectionist tag

Senator Robert Byrd, the next majority leader, mada it clear that trade was a top priority and there is no doubt that trade will be a central political issue of this year and next.

Three consecutive declines in the monthly US trade deficit have raised hopes thet after its abnormal July peak of \$18bn the long-awaited decline in the \$170bn US trade deficit has be-

Opinions differ over the implications of the anticipated de-cline. Some economists expect the deficit to fall by \$40bn or more, adding as much as 1 percentage point to the gross national product in 1987. Others fear that although the drag on the economy from a rising trade deficit may be easing, any decline in the deficit will not be enough to boost growth signifi-

Rep Jim Wright, the likely Speaker of the House, is under-stood to be planning a trade hill stood to be planning a trade hill which will be similar to that which the House passed earlier in the year. It will go into the legisletive bopper when Congress reconvenes in January!. But anybody expecting the Democrats to propose narrow protectionist and sector-specific trade law references in January. trade law reforms ia in for a surprise. Democratic strategists have come to the conclusion that "protectionist" is not a

EVEN AS the Democrats were celebrating regaining control of the Senate in the mid-term elections, they were signalling their intention to put trade et the top of the political agenda.

EVEN AS the Democrats were label they want to have bung around their necks by the Republican Party in 1988.

The general view is that protectionism is a dangerous policy which is likely to backfire and me which did presidential cannot be a selected and the political agenda. which is likely to backfire and nne which did presidential can-didate Mr Walter Moodale no good at all in the 1984 election. Polls suggest that American

consumers like to have access to high quality foreign goods at attractive prices. Moreover, to embrace protectionism would leeve the Democrats vulnerable to the charge that they are held in thrail by nar-row interest groups—in parti-cular organised labour. Democrats argue that protec-

tionism is not an issue which can be defined as the sort of upbest, forward-looking theme around which successful election campaigns, can be built.
So when it surfaces in legisletive form the trade issue will be more clearly defined by Democrats in broader terms. One fo these is the idea of

It is recognised that trade law reforms can only have a marginal impact on the huge trade deficit and that macro economic imbalances, in parti-cular the inadequacy of domestic US savings when measured against demends for capital, are the root cause of the trade deficit. There is a growing perception too, that the underlying competitiveness of the US economy is not what it used to

The Bill passed by the Honse



maths, science and language studies for example, partly on the grounds that the US is suffering economically from years of neglecting education.

Bill Bradley might propose legislation in the Senate on the Third World debt issue and that this could be built into the Senate trade bill.

Inadequate growth in beavily indebted Third World countries is one factor in the poor US export performance. Highlight-ing the trade-debt link fits neatly into a political strategy designed to highlight the in-adequacies of the Reagan Administration's macro. economic policies.

US Treasury Secretary Mr James Baker, the man dominates Administration

Anybody expecting the Democrats to propose narrow protectionist and sector specific trade law reforms is in for a surprise. Democratic strategies have come to the conclusion that "protectionist" is not a label they want to have hung around their necks by the Republican Party in 1988.

Mr Baker spoke yesterday at There has been persistent speculation, too, that Senator a congress-sponsored summit in New York on the trade/debt issue, attended by Senator Bradley as well as officials from Third World debtors. For months Mr Baker has correctly seen the Bradley property for

seen the Bradley proposals for writing down Third World debts as a direct challenge to his flag-ging Baker Plan to resolve the Perhaps the most remarkabla demonstration of the Treasury's concern to keep the political initiative on trade came last month from the normally tacitum Deputy Treasury Sec-

retary Mr Richard Darman. last year contained proposals for dominates Administration eco-trying to improve the quality of nomic policymaking and who has been leading the White White traditional bastion of Republi-mined not to leave the competi-Mr Darman caused an nproar

House resistance to pro-tectionist pressures on Capitol a "corpocracy"—those parts of Hill, has not been idle in the face of these political threats.

Mr Baker spoke yesterday at corporate executives love to mailgn: bloated, risk-averse inefficient end unimaginative.

"I believe," Mr Darman sald," we have deeper cultural problems" than those captured in macro economic measures such as the budget deficit.

Observers on Capitol Hill sus-pect Mr Darman was sending a shot across the bows of hig corporations preparing to push for new protectionist legislation. He may also be laying the founda-tions of a populist platform from which to broaden the attack to include organised labour.

tiveness issue to the Democrats. President Reagan's State of the Union speech is expected to contain proposals to improve the competitiveness of American husiness, including antitrust reform initiatives.

Some Government economists concede, however, that the White House is on the defensive on the trede issue. Even on

white House is on the derensive in the trede issue. Even on the most optimistic assumptions the trade deficit is unlikely to fall below \$120hm and it could start rising again from this

On this view Mr Baker and the Republican Party can do little over the next two years except hope that they can con-vince the American voter that the expected decline in tha trade deficit is a sign that the problem is being resolved and cross their fingers that moderate economic growth continues.

They may then be able to prevent the passage of legislation, which would curb the President's authority and administring trade laws, and perhaps tering trade laws, and perhaps retain the political initiative on the broader trada and competi-tiveness issues.

An important tactical question remains: whether to continue refusing to negotiate with Congress on trade legislation, congress on trate registation, or try and work out a compromise with the new Democratic majority in return for the renewal of authority to negotiate trade agreements. The latter is necessary if the US is the place are effective role in the to play an effective role in the new negotiating round of the General Agreement on Tariffs and Trade (Gatt).

US power contract

BY IAN RODGER IN TOKYO

MARUBENI, the Japanese trading group, has won a Y30bn (\$185,39m) turnkey order to build a combined heat and power for AES Thames, a US electric utility.

Marubeni axid that because of the impact of the high yen on Japanese equipment export by other US companies. The

Local procurement is the only steam to a nearby paper mill.
way the big Japanese trading Construction will start early

Canadians win telecom deal

NORTHERN TELECOM, the Canadian telecommunications company, has been awarded a \$40m contract by the Puerto Rico Telephone Company for switching equipment which will add 200,000 lines to the island's

The expansion, to be com-pleted by 1990, will replace some of Puerto Rico's existing 300,000 lines and add new ones Northern Telecom won the contract after outbidding US companies AT & T and GTE and Nippon Electric of Tokyo. Puerto Rico Telephone Compeny said the Canadian company would instal 23 DMS-100 switches and 11 remote switch-

Nigeria seeks to revive barter with Brazil

BY PETER MONTAGNON, TRADE EDITOR

the \$500m countertrade agreement it signed with Brazil in 1984, as a means of raising extra resources to support the Naira in the local second tier foreign exchange market. A revival of the agreement

could boost trade between the two countries substantially. This has alumped this year following Nigeria's acute economic difficulties.

Exports fall

Brazilian exports to Nigeria in the first six months of this year totalled only \$150m, com-pared with \$900m in the whole year totalled only \$150m, com-pared with \$900m in the whole problem of a cash balance in of 1985, while Nigerian sales Nigeria's favour which was left

with \$1.3bn.

Under, the countertrade agreement, Brazil was due to supply Nigeria with a range of industrial goods in return for oil, but it was allowed to lapse by the Government of President Ibrahim Babangida after Brazil complained of corrup-tion on the Nigerian side, and Nigeria complained that Brazil was providing over-priced and poor quality goods.

However, reactivation of the arrangement still depends on the outcome of tortuous negotiations now going on in Lagos

MIGERIA is accking to revive to Brazil were \$290m compared over when the arrangement made for fits experiers, but it

This money, estimated by local diplomats at more than \$360m, is held in an escrow account in New York. Nigeria would like to see it released provide extra foreign exchange for sale at its regular weekly auctions in the second tier market. But Brazil is anxious to see the release of the funds tied to its exports to Nigeria.

More flexibility

Brazilian trade officials say they would like the arrange-ment to be revived if mora flexible arrangements can be remains uncertain whether they can supply the goods that

Austrian deal

Nigeria is also understood to be involved in similar negotia-tions with Austria, with whom it had a \$200m countertrade arrangement. There is still a \$130m cash balance in Nigeria's favour under this agreement.

Even if agreement can be reached in these two cases, diplomats still believe Nigeria is unlikely to resume substan-tial countertrading in tha

Mitsubishi lands rail car deal

By Ian Rodger in Tokyo MITSUBISHI ELECTRIC has

won a Y20bn (£60.4m) contract to supply 450 railes to the State Rail Authority of New South Wales, Australia. Shipments will begin next year and the first railcar will begin operation on the suburban railways of Sydney in 1988. Deliveries will be over hine years. Mitsubishi Electric will supply all the electrical and electronic equipment for the cars. The cars will be built at the com-pany's Australian factory, which

The technologies for motors and peripheral equipment will be transferred to Australian manufacturers so the local production and procurement rate can exceed 53 per cent.

will be expanded.

AMERICAN NEWS

Speakes moves away from the frontline

THE ROW in the White House press room at the Reykjavik summit was vintage Larry Speakes. As one of the reporters bitterly complained that Mr Reagan's Press Secretary had privately briefed the New York Times and Washington Post on the summit and denied the scores of reporters accompanying the President equal access to information, Mr Speakes imperiously ordered the journalist to meet him in

Don't speak to me like that Larry" came the response, and in minutes the massed ranks of the White House press corps were marching towards the Press Secretary's room to hear Mr Speakes angrily denying that he had fa-voured anybody. He claimed disin-genuously that, if any other repor-ters had bothered to turn up at his office at 2am on that Sunday morning, they would have been given the

As it turned out Mr Speakes's guidance to The Post and The Times that things were going well turned out to be too optimistic, pro-viding a clue that the President and his advisers had misread the direc-

may find himself in the front line the relationship.
fending off questions aimed at extracting information which the friction has been more intense than

than most at this job. He worked in over now the White House press office under Whether or not the President will than most at this job. The Most and the White House press office under presidents. Nixon and Ford and suffer from the departure of a man who has handled a difficult job.

ing stations.

policy. He may confirm leaks which inddle of an unresolvable conflict officials are putting out to further their goals in the propaganda battle with the Soviet Union. As in Reykjavik he may guide reously its constitutional role as a
porters on the way events are developing or, as Mr Speakes has been most constant tension in the White
doing for the past three weeks as
the Iran scandal has rumbled on he
reflection of the "natural friction" in

White House believes could be da- usual. Until the Iran controversy, maging to the President. the White House has been able gen-Mr Speakes, a 48-year-old native erally to dominate the media. Inof Tennessee who worked as a deed some Democrats have accused newspaper reporter before become the White House press of giving the ing Press Secretary to former Senator James Eastland, a Mississippi has sensed this and has felt frustra-Democrat, has had more experience tion. This frustration has boiled

then became deputy Press Secre-tary to Mr James Brady when Mr Reagan became President. who has handled a difficult job somewhat abrasively but with con-siderable verbal dexterity and skill siderable verbal dexterity and skill When Mr Brady was seriously in-will depend on who succeeds him. A his advisers had misread the direction in which the summit was heading.

The role of the President's Press

Secretary can be one of the most important in the White House.

When are brady was seriously infection on who succeeds him. A few weeks ago Mrs Am McLaughten, a widely admired Interior Department official who had served as while still retaining the title of deputy. He has been the longest serving Press Secretary since Mr James

Brazilians to be asked to support 'social pact'

PRESIDENT Jose Sarney of Brazil was yesterday preparing a direct appeal to the nation in a bid to regain public copport for the Government after two weeks of bitter attacks on last month's post-election austerity.

As Brazilians awailed his nationwide television and radio address, it looked likely that the President would call for a new "social pact" between Government, business and the public. He is also certain to appeal for national unity in the face of the forthcoming nego-tiations for foreign creditors on debt rescheduling.

debt rescheduling.

Officials pledged yesterday that no new measures such as the price and tariff rises—come as high as 100 per cent—announced two weeks ago were planned. In a brief meeting with journalists, Mr Sarney suggested that he would attempt to demonstrate how the price freeze—the core of last February's "Cruzado plan" measures—was still holding for 70 per cent of products.

On this point, Mr Sarney's On this point, Mr Sarney's widely acknowledged talent for reaching Brazilian bearts and minds might meet its match. Whatever the statistical evidence, the commonplace view

is that blackmarkets and pro-duct shortages have all but finished the price freeze.

The sheer weight of hostile reaction to the package, which provoked attacks from within

Despite the public relations offensive, many elements of the so-called Cruzade package remain unclarified. main unclarified.

Ann Charters adds from Sao
Paulo: Brazil'a vehicle manufacturers saw production and
sales plunge last month, as
supplier shortages provoked
hicenps in production, and an
80 per cent governmentmandated price increase paralycad sales

mandated price increase lived at 48.6 per cent.

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Tim Coone reports on a possible amnesty for the armed forces Uruguay set to end political crisis

AFTER several months of un-certainty, the political crisis in takes and dismiss from their Uruguay seems close to a solu-ranks any senior officers tion. At one point the uncerresponsible for the excesses of
tainty almost precipitated a
dissolution of the congress, but
a political agreement is now

line past two weeks there
have been positive signs of a emerging which may avoid the need for new elections. The crisis began in August

In the past two weeks there have been positive signs of a softening of the military stance. General Hugo Medina, head of The crisis began in August when President Julio Sanguinetti's proposal to grant amnesty to all military and police officials accused of human rights violations during the military government of 1973-1985 was thrown out of the congress (the ruling Colorado Party does not have an absolute majority in Parliament). An alternative proposal for a partial amnesty from the opposition National Perty (Blancos) could not be agreed between the three principal political forces in the Country, the Colorados, the Blancos end the Frente Amplio, the left wing alliance. Uruguay returned to demothe armed forces, told troops at a parade that the military would not support those in its ranks "that bad been involved

Both Mr Liber Seregni, heed of Frente Amplio, and Mr Walter Ferreira, who leads the National Party, have described the document as "encouraging." Under the Naval Club agreements with the Naval Club agreement. Under the Naval Club agreement both were probibited from participating in the 1984 elections, a fact frequently overlooked outside the country and which is nonetheless a testimony to the transitional nature of Uruguay's democracy.

For the moment at least, the transition is still on course but will require careful maneouvring by all involved if it is to stay that way. As the presidential aide commented: "There are still powerful sectors of the

Club agreement, led to general elections.

According to e close aide of
President Sanguinetti, a deal has almost been worked out will require careful maneouvr-which has the support of most of the National Party. It will in effect be a total amnesty, in return for which the armed forces will make a public in effect will make a public armed forces that believe an-



Sanguinetti: hammering out deal with the military

other military coup will solva our problems. After the 1973 military coup, After the 1973 military coup, Uruguay's military rulers carried out a repressive campaign against practically all opposition under the guise of eliminating the Tupamaro guerrilla movement.

Tens of thousands of people were imprisoned and fortured were imprisoned and tortured and many thousands went inlo

peared. Only 164 remain classified as "disappeared," most of those baving been abducted in neighbouring Argentina. Nonetheless, the opposition is insistent that those responsible for rupturing Uruguay's strong democratic tradition in 1973 and for carrying out the illegal repressive campaign, should be brought to justice. According to Mr Seregni: "We will not be party to any agreement which provides an amnesty to those responsible for crimes." The third political force in

the country, Frente Amplio, came second in Montevideo in the 1984 elections, end its candidate for the Montevideo governorsbip, Mr Mariano Arana, received the highest vote for the individual amplifacts. Its any individual candidate. Its ability to mobilise trade unions and students meana that any amnesty agreed without Frente Amplio's support will ensure future confrontation.

As a result, desperate nego-As a result, desperate negotiations have been taking place in recent weeks to try to avoid a direct challenge by the armed forces to the civilian courts which are to try the human rights cases. The military threat to refuse to appear before the courts "has in effect created four powers in the Uruguyan state — the executive, the congress, the justice system and thet military." said Mr Arana. "And it's the military that has the guns," edded one of his colleagues.

Key right of fifth amendment

BY OUR WASHINGTON CORRESPONDENT

Senate Intelligence Committee on Wednesday described the scene as "one of the saddest days in the republic."

He sald President Ronald Reagan'a former National Security Adviser bad "aacrificed himself for his commander-in-chief" by invoking the Fifth Amendment right against self-incrimination on three occasions under questioning from the committee.

The rights guaranteed under The rights guaranteed under the Fifth Amendment go hack to 1791 when congress passed the 10 amendments to the US constitution of 1787 which comprise the Bill of Rights in

ONE senetor who witnessed compelled in any criminal case Vice-Admiral John Pointo be a witness against himself."

Senate Intelligence Committee

Mafia figures appearing dur-

Mafia figures appearing during congressional probes into organised crime, heve regularly invoked the Fifth Amendment. The shock on Wednesday was that a distinguished serving US admiral chose to do so, albeit on the advice of bis ettorney. Both Mr Poindexter and Lt-Col Oliver North, the National Security Council staff official security Council staff official sacked for his role in the Iranian arms scandal, have invoked their Fifth Amendment rights. Lt-Col North apparently on 50 occasions this week. But hoth bave suggested that they ere willing, at aome point in the future, to tastify

an effort to bolster individual future, to testify. One key provision Why the delayer liberty. One key provision Why the delay? The problem atates that "no person shall be centres on President Reagan's

decision this week to clear the way for the eppointment of an independent counsel (formerly night to have left the Government parties and a violent demonstration in Brasilia, appeared for a forting in the counsel (formerly night to have left the Governto investigate possecutor) ment speechless.

to investigate possible violations of the criminal law.

Though no charges are pending against either Mr Poindexter or Lt-Col North, anything they might say could be taken down in evidence and used against them in a future trial against them in a future trial.

There is therefore a tension between Congress's Interest in pursuing its inquiries and the interest of the independent counsel. As yet, the independent counsel has yet to be appointed by a three strong panel of fed-eral judges—nor has Mr Edwin Meese, the Attorney General, finished drawing up the mandate which will determine the scope of the independent coun-

US manufactured goods orders fall in October

Uruguay returned to demo-cratic rule in March 1985 after

an agreement between the armed forces, the Colorados and Frente Amplio, in what cama to be known as the Naval

NEW ORDERS for US manufactured goods declined 3.6 per orders for transportation equipment or \$7.1bn to \$192.3bn in ment were down 9.8 per cent. October, the largest one-month However, an increase in perts fall since May 1980, the Commercial arcraft merce Department sald yester-

capital goods, a volatile cate-gory which last month fell 42 per cent. Excluding defence, new orders fell 1.8 per cent in

However, an increase in perts nrders for commercial aircraft partially offset a lerge decline in defence orders for aircraft

Ady.

The drop more than offset
September's large increase of
3.4 per cent.

Most of the decline was due
to a drop in orders for defence

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to a drop in orders for defence

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overall the decline was due
to a drop in orders for defence orders. 0.1 per cent weaker in the first 10 months of this year than they were over the same period in

Peru announces monthly programme of devaluation

Mr Garcia's government has kept the official exchange rate frozen since taking office in July last year. But the freeze applies to a shrinking number of goods and services following the creetion of a multi-fig. the creetion of a muiti-tier

PERUS President Alain Garcia exchange rate dver the past per cent a month throughout 1987. End-year rates are projected at 18.06 Intis to the dollar for basic Imports and services and 22.59 Intis for tha financial rate.

Present rates ere to be frozen et 13.91 Intis and 17.40 respectively until the end of this year. But the price of the dollar on the free market shot up to 21 Intis this week.

exchange rate dver the past year.

The government this week effectively devalued the exchange rate for most imports by 25 per cent, transferring all goods except basic food and medicine to the financial rate Exports are also being given e higher rate in a complicated system under which products the Government is trying to the free market shot up to 21 Intis this week.

The biggest increase goes to

The biggeat increase goes to exporters of products made from local materials such as cotton, alpaca and woollen garments, canned fish, agroindustrial products and handicrafts, which also receive a 20 per cent bonus. per cent bonus.

Deficit on visible trade nearly doubles to £3.03bn

BY JANET BUSH

y December 5

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trade nearly doubled between the second and third quarters, taking the current account into deficit by

This is the first quarterly deficit since the period from January to March 1985, when the current account was in deficit by £17m, according to figures released yesterday by the Central Statistical Office

Preliminary data shows that the deficit on visible trade in the third quarter was £3.03bn while there was a surplus on invisible transactions of £2.25bn. The second-quarter visible trade deficit was £1.58bn. and the invisible surplus was

The CSO said the current account was in balance during the first nine months of the year with the deficit on visible trade and the surplus on invisibles both at around 68.1bn.
The total for invisible earnings in the third quarter gives a monthly

P&O, the Peninsula and Oriental

Steam Navigation Company, yes-terday launched an agreed bid for

European Ferries, following clear-ance by the Monopolies and Merg-

ers Commission of its existing 20.8

per cent shareholding.
P&O is offering four shares for

each 17 in European Ferries. The offer values European Ferries

shares at 123.5p and puts a value on the company of £286.8m.

As an extra inducement, the

180,000 shareholders of European

Ferries are being offered a second extra dividend of 3.65p. This was described by Sir Jeffrey Sterling, chairman of P&O, as "a generous move" in view of the probable in-

ability of European Ferries to main-

tain its dividend because of deterio-

In addition, P&O has undertaken

to protect the rights to reduced

fares on European Ferries Town-

send Thoresen passenger ships of

137,900 bolders of special prefer-

play a major part in persuading small shareholders to accept the of-

creased the chances of legislation to

impose a pay settlement, according to Mr Malcohn Rifkind, Scottisb

He gave a warning that the Gov-ernment would have "no choice but to make its own contingency plans" if the Educational Institute of Scot-

land (EIS), the union which called

Anthorised

£640.000

Ordinary Share capital of the Company.

for companies under the Business Expansion Scheme.

excepted) up to and including 19th December, 1986 from:

Johnson Fry plc

Princes House

St James's

36 Jermyn Street

London SWIY 6DT

This concession is expected to

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

£800m a month projected by the CSO last week when it published balance-of-payments figures for October which showed a surplus of bles of Co.Ibn in the first three £65m on the current account.

Last Tuesday, the CSO also set a ojection for receipts from invisible trade - which includes earnings £8.8bn, above the Chancellor of the by banks abroad and tourism - of Exchequer's autumn statement £900m in each of October, Novem- forecast of £8.5bn. ber and December.
Government officials conceded

that, given the lower-than-projected level of invisibles in the third quarter, it was possible that the £900 projection for the fourth quarter bad been set too high. They also acknowledged the possibility that revisions could turn October's small current account surplus into a defi-

Government statisticians emphasised that projections for invisibles involved rounding up figures to the nearest £100m and that they would be watching data closely as it was

Sir Jeffrey said P&O bad reached

a separate agreement with two Ca-

nadian shareholders of European

Ferries, which would raise its exist-

ing stake to 24 per cent. P&O was

also reported last night to be active-

The offer was described by both

P&O and European Ferries as

"fair." There was less enthusiasm in

the City of London, however. Mr Ri-

chard Hannah, shipping analyst with stockbrokers Phillips and

Drew, said: This is very keenly

priced. It is the minimum P&O

could offer and bope to gain con-

Sir Jeffrey said talks on a possi-ble merger had been taking place

since he joined the board of Euro-

pean Ferries in January. No deci-

sion had yet been reached, how-ever, on the integration of Euro-

pean Ferries into the P&O group or

on the future of senior management

and directors of European Ferries.

Mr Geoffrey Parker, the chair-man of European Ferries, said

losses on the company's US proper-

ty portfolio, which was badly hit by

falling oil prices earlier this year,

Pay warning to striking teachers

The EIS, which represents 80 per

cent of Scottish teachers, claimed

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued chare capital of Johnson Fry pic in the Unlisted Securities Market. It is emphasised that no application has been made for these

JOHNSON FRY plc

Placing by

Rowe & Pitman Ltd.

of 1,181,250 Ordinary Shares of 10p each at 150p per share

payable in full on application

SHARE CAPITAL (following the placing)

Ordinary Shares of 10p each

The Ordinary Shares now being placed rank in full for all dividends hereafter declared or paid in respect of the

Johnson Fry plc provides a wide range of advice covering corporate finance, investment management, life assurance and pensions, taxation, mergers and acquisitions and general

insurance. The Corporate Finance Division is mainly involved in raising new equity share capital

Particulars relating to the Company are available in the Extel Unlisted Securities Market Service and

copies of such particulars may be obtained during normal working hours on any weekday (Saturdays

month and due to culminate in a meeting on December 23 of the national joint council on pay and con-

fighting the P&O bld.

fer since the special preference, meant the board would be "knock-

shares are worth up to £50 on each ling its bead against a brick wall" in

ly buying shares in the market.

Agreed bid by P&O values

European Ferries at £286m

BRITAIN'S DEFICIT on visible average of £750m. This is below the gathered to see whether a downward revision for fourth quarter receipts would be needed.

Given the total surplus on invisiquarters, a further £900m a month in the final quarter would bring the total surplus this year to around

The CSO's said the third quarter saw an increase in the non-oil deficit of around £1.4bn and a reduction of £100m in the surplus on oil. The Chancellor is forecasting a current account deficit of around £1.5bn in

There was some disappointment with the third-quarter current account deficit in the UK government bond market, but prices were, nevertheless, helped by sterling's steady performance. The Bank of England's trade weighted index ended yesterday at 68.0 compared

hind the strength of the P&O bal-

ance sheet or selling the US proper

ty holdings - in Denver, Houston,

and Atlanta - at below book value.

terests of the shareholders," he

with P&O, which we believe is a

positive move, is that P&O are big

enough to sit on this property until

it comes back to being a very good

Technically, P&O'a decision to launch a full bid could be referred

by Mr Paul Channon, the Trade

the Monopolies and Mergers Com-

Sir Jeffrey said this would be un-

acceptable since the issues bad

"I would probably start tearing my bair out," he said.

Sir Jeffrey sald the Government had to decide whether it wanted a

strong British ferry group capable

of competing with European compe-

tition and with the Sealink, the

British company owned by Sea Containers of the US.

at the Government's two-stage 16.4

per cent pay increase offered to end the dispute.

Issued and to be

issued fully paid £472,500

Rowe & Pitman Ltd.

1 Finsbury Avenue London EC2M 2PA

5th December, 1986

been thoroughly investigated.

cretary, for a further inquiry by

investment," he said.

"What we have done is in the in-

have lost business to integrated firms which also have market-mak-The plan is for Panmure to be integrated into the London operations of NCNB. The restructured group, which will retain the Panmure Gor

don trading name, will be involved in banking, capital markets and investment management as well as stockbroking.
NCNB Corporation had total as-

of September. It has had a branch in London since 1978 and set up a merchant banking subsidiary, Caro-

□ EUROPE must aim for an economic growth rate of around 5 per cent for several years in order to bring down unemployment to an ac-ceptable level, Professor Franco Modigliani, the 1985 Nobel Laureate in Economics, said. In a lecture to the Employment Institute in London, Prof Modigliani called for a new and co-ordinated stimulus to demand in European economies to promote faster employment creation. Such a stimulus should focus on a temorary relaxation of fiscal policy, with additional spending on investment and marginal employment subsidies, and on a looser

monetary policy. ost teachers in Scotland has ineased the chances of legislation to
ipose a pay settlement, according
Mr Malcohn Rifkind, Scottish
for a negotiated settlement to
cretary.

Me strike, considered any further

90 per cent support for yesterday's
strike. Reports from Strathclyde
and Lothian, the two bigger regions, suggested that about 60 per
only a year in the job. Mr Benton,
who was BT managing director

with the Department of the field's status.

Arbroath is one of the first oil developments to be announced since
only a year in the job. Mr Benton,
who was BT managing director

with the Department of the field's status.

Arbroath is one of the first oil developments to be announced since
oil prices tumbled from more than
who was BT managing director A ONE-DAY strike yesterday by the strike, considered any further 90 per cent support for yesterday's

> ☐ A RECORD 365m bottles of wine worth more than £1bn will be sold in the run-up to Christmas. Mr Ar nold Tasker, chairman of the Wine Development Board, said: "In quantity terms, wine sales this Christ mas are likely to be 3 per cent up on 1985. But it is noticeable that shop

☐ FAILURE rates in domestic tele

□ PRISON overcrowding worsened last year with a record number of inmates sharing single cells, ac-cording to the National Association for the Care and Resettlement of Offenders. It said urgent meas were needed to reduce the jail population to a level comparable with most West European countries.

□ FUJI BANK, ooe of Japan's largest banks, opened the first Japanese banking office in Manchester. The hank intends to support Japa-nese companies investing in the Midlands and the north of England

☐ GUINNESS, the troubled brewing and spirits company at the centre of a Department of Trade and Industry investigation, has appointed Mr Ian Chapman, chairman of pub-lishing company William Collins, as a non-executive director.

☐ GOVERNMENT'S plans to impose a statutory duty on all companies to sell safe consumer goods were criticised by the Confedera-tion of British Industry for being

☐ BANK OF SCOTLAND is to provide banking services through the 336 branches of the National & Provincial Building Society, the UK's eigth-largest, from the beginning of

profession than are entering it, the English National Board for nurse

US bank takes full control of London

THE US south-east regional banking group, NCNB Corporation, is to take full control of the London stockbroker Panmure Gordon, Barry Riley writes.

brokers

The bank previously had a 29.9 per cent stake, and a deal announced yesterday is said to value Panmure at more than £20m. Panmure is probably just outside

the top 20 London securities firms by domestic market share, but it has strong corporate finance connections. Unlike most of the big firms it has decided to remain an agency broker and has declined to move into market making.

This is the first deal involving an

independent stockbroker since the Big Bang changes in the stock exchange's rules on October 27. Since October 27 commission rates have fallen sharply, and there have been suggestions that agency brokers

Mr Parker said European Ferries had faced a choice of sheltering be-

sets of more than \$25bn at the end

pleted in May 1985. Unlike many similar deals involving London securities firms the arrangement involved no commitment to buy control at a later stage. Negotiations leading up to the new deal have been continuing since May this

I MR PETER BENTON, former managing director and deputy chairman of British Telecom, bas been appointed director general of the Production of a lengthy fight with the Department of Energy over the field's status.

The dispute, which has been rumbling on for more than five years, was over whether the field was a production by 1990.

The dispute, which has been rumbling on for more than five years, was over whether the field was a few days. who was BT managing director from 1981 to 1983 and deputy chair-man from 1983 to 1984, is currently chairman of the European practice

of information technology consultants Nolan, Norton and Co. likely to cost about £250m to devel- nomics, by making it not subject to

pers are raising their sights in the quality of wines they buy."

phone calls have not improved in 17 years and almost three quarters of people believe that privatisation has made no difference to the domestic phone service. These are two
of the key results of the first report on BT's quality of service for do-mestic users issued by the Office of Telecommunications, the industry's regulatory body.

"too vague and woolly."

next year.

☐ MORE NURSES are leaving the

RECRUITMENT CAMPAIGN AIMS TO MATCH CHANGING LABOUR MARKET

Union seeks temporary workers

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the Transport and General Workers' Union, Britain's largest, yesterday announced the launch of the first union recuitment campaign aimed specifically at the growing number of temporary workers.

The campaign is the furthest any UK union has formally gone in re-cognising and trying to come to terms with radical changes in the labour market which have seen a rapid growth in workers on shortterm contracts and in seasonal, casual and agency workers. Unionisa-

tion is low among such groups.

The GMBU general union's emphasis on organising low-paid workers in the service sector covers some of the same ground, but it is not, unlike the TGWU's, precisely targeted at "non-core" employees, working on the labour market peri-

will be inaugurated at a special TGWU conference of more than 500 of its most senior officials next month at London's Wembley conkev points:

• Policy. The TGWU is opposing employers' abuse of temporary labour and its use in replacing or undermining permanent workers. But

fully by collective agreements, with ter reaching 2.1m at the turn of the temporary workers enjoying equiv- decade. alent terms and conditions to perm- Mr Ron Todd, TGWU general secanent staff. The union is drawing retary, speaking after the union's

The campaign, on which £100,000 will initially be spent and which gal rights. The union will be pressimg its case both with the Govern"We cannot afford to be tied to

estimates it has in membership sit back and let them happen." ference centre, will focus on four some 20,000 temporary workers covered by national agreements. and more not so covered, is seeking

to recruit temporary labour to en-

sure an observance of rights. Using figures prepared by the Inthe union said yesterday that it re-stitute of Manpower Studies, the cognised there were legitimate TGWU estimates there are some cases for employing temporary 1.7m temporary workers. The union said it could not afford to ignore Bargaining. The union wants these workers. Membership of the temporary labour to be regulated TGWU is now down to 1,396,000 af-

up a model temporary labour collective agreement.

• Legislation. It wants legislation ture of the labour force has been to give temporary workers equal le- changing dramatically and will con-

ment and seeking policy commit-ments from the Labour Party. the employment patterns of yester-year. It is our intention to take the year. It is our intention to take the Organisation. The union, which initiative and shape events, not to

Mr Bill Morris, TGWU deputy general secretary, who will be beading the campaign, said: "There seems to be an attitude among some employers and politicians that temporary workers can be used up and thrown away at will. We are opposed to this sort of exploitation and the two-tier labour market which some employers are seeking to create."

Both the TUC and the Labour Party have sharply criticised the development of a two-tier labour market - well-paid, secure core workers and lower-paid, insecure leaders denied that their campaign contradicted that opposition. ● The TGWU is to hold next month

a special conference on youth,

BT plans miniature | DBS applicants face record file card

BY TERRY DODSWORTH

BRITISH TELECOM (BT), the UK nique – known as "Lasercards" – to telecommunications group, is to telephone communications serlaunch a filing technique which enables up to 800 pages of text and photographs to be contained on a health card from one health to are there.

The tamperproof cards are new in Britain but are already being used in the US, where the technolo-The original purchase of 29.9 per cent of Panmure Gordon was completed in Man 1995 Vision of California, which holds the patents

British Telecom Business Services is aiming to sell the idea to a range of customers, particularly in the health, security and security industries.

The UK group said yesterday that it was already negotiating with a leading London hospital which was considering the use of the cards for holding maternity records. Photographs of X-rays, sonic scans and medical notes for an individual patient could easily be held on the same card, which is only the size of a standard credit card.

be looking at how to adapt the tech- sor embedded within it.

hospital to another.

Another area which is being exploited in Japan is the use of the cards for storing information in lib-

One advantage of the cards is that they are cheaper and faster to produce than other data storage media such as floppy discs, which

British Telecom will provide the equipment for recording and read-ing the data and says that, while this is made in Japan, there is a possibility of local manufacture if the demand warrants it.

The "Lasercard" is the second "intelligent" card introduced in the UK this week, Citibank, the US-based financial group, has just launched a "smart" card which can be programmed for banking applications. The card looks like a normal plastic BT said yesterday that it would credit card but has a microproces-

further questioning

THREE of the five applicants for The Granada group has not the British direct broadcasting by raised all its finance, but Mr satellite (DBS) franchise - one of Holmes à Court has written to the the world's largest television proj- chairman of the IBA, Lord Thomects - have been called back to the son, saying he is prepared to com-Independent Broadcasting Authority for further consultations on Monday. They are:

Independent Broadcasting Authority of the british DBS project.

The IBA, it is believed, wants to

BSB, the consortium which in- raise with BSB the issues of their ficludes the Granada Group, Am- nance, the contribution of their strad and Virgin. DBS UK, the consortium led by omy and their willingness to consid-

Carlton Communications and in- er other investors. The main issue cluding London Weekend Televi- facing DBS UK, it is believed, is not sion and Dixons, consortium led by Mr James Lee tising is feasible.

and backed by Mr Robert Holmes a Court's Bell Group. The DBS franchise to provide three new national channels of tele-ing and Hambros, as equity particivision in Britain direct from satel- pants.

lites to dish aerials on individual homes is likely to involve investments of around £500m. The IBA was expected to take a

finance but whether their plans for National Broadcasting Service, a a service funded entirely by adver-DRS UK claims to have its franchise plans totally financed and has

franchise plans to the British econ-

The other DBS UK investors are Columbia Pictures International and Saatchi and Saatchi.

two merchant banks, Robert Flem-

None of the three applicants decision in principle on the award would confirm that they had been of the franchise on Wednesday but invited to the IBA for more talks, instead decided to have a further and the IBA said the matters were round of questioning on Monday. strictly confidential.

Amoco resolves dispute over N. Sea field

managing director and deputy broath field in the North Sea, after and expects the field to come into

velopments to be announced since separate structure from the nearby oil prices tumbled from more than Montrose field. Amoco had argued sou a parrel at the end of last year to less than \$15 now. Most of the projects which looked profitable last year are firmly on the back burner.

strongly that the fields were separate and had given a warning that, unless the Energy Department agreed, it would not develop the field.

gy remister, said yesterday that be was "pleased that it bas been possible to resolve the matter of Arburner.

yesterday that it was pushing Government with its development leum Revenue Tax. ahead with plans to develop the Arplans during the next few months. The Energy Depart

The field is thought to contain Awarding Arbroath separate field about 70m to 75m barrels of oil and status has changed the field's eco-

AMOCO, the US oil company, said op. Amoco intends to present the royalties, and unlikely to pay Petro- the North Sea. It estimates that the

Mr Alick Buchanan-Smith, Energy Minister, said yesterday that be

the Edinburgh-based stockbroker,

Arbroath is one of the most attrac-

field will achieve a real return of at The Energy Department, which is least 10 per cent at an average oil concerned about the steep decline price of \$17 a barrel.

a few days. The three fields Claymore, Piper

and Tartan, together produce about An oil tanker containing tonnes of Brent crude oil ran aground in the Humber estuary, in eastern England, yesterday. There were no immediate signs of leaking tive candidates for development in oil from The Odyssey.

December 1986. This announcement appears as a matter of record only."

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AT&T to set up joint venture plant in Britain

graph (AT&T), the giant US telecommunications group, is setting up its first manufacturing plant in the

break-up in the US in 1984.

AT&T executives in Europe say the company would like to manufacture more in Britain as it increases its sales in the liberalised

AT&T and Philips have had a

joint venture in public switching and transmission equipment aimed at most markets outside the US since 1984. The joint venture makes witches in the Netherlands and transmi transmission equipment in the Netherlands, Switzerland and Italy.

AMERICAN Telephone & Tele Philips plants on the Continent. It will be sold both in Britain and on

AT&T-Philips are spending about UK.

The move is a further sign of chiling buying the site from Philips. The cost of the new building and plant is expected to be about

> The factory will begin production next August and will employ about 100 workers when it reaches full output in 1988.

and the AT&T plant in Malmesbury, about 80 miles west of London will in Europe, said yesterday that he make transmission equipment. It will be run jointly with Philips of the Netherlands.

"I would hope that it would be a growing activity because local content is one of the fundamental requirements in a market," he said. AT&T-Philips has sold switches. ission and some software to

Philips is moving an existing The type of equipment to be plant of TMC, its telecommunicamade at Malmesbury has been de- tions subsidiary at Malmesbury, to veloped by AT&T in the US and is Scotland in order to make way for not being made at the other AT&T- the new AT&T-Philips factory.

Forgemasters given £10m loan guarantee

THE GOVERNMENT has agreed to give the guarantee followed a reap-give a guarantee for loans up to praisal of the company's financial £10m to Sheffield Forgemasters, prospects. It will be linked to an the sickliest of the joint venture agreement from the company's loan companies formed out of the ration- stockholders to provide an interestalisations in the British Steel Cor- free moratorium to 1988 on £20m of poration and private-sector steel op- convertible loan stock. That agreerations during the 1980s.

Brown, said yesterday that it was a dence in the future of the business time by the end of the year. which had made a substantial trad-

The company, into which BSC very small. has pumped £33m, racked up losses

Mr Giles Shaw, Minister of State. antee to Forgemasters' bankers tions. should help the company complete The company's total workforce, its restructuring programme.

been provisionally agreed, partly because the company was locked into a 14-week strike.

Mr Shaw said that the decision to

ment has still to be approved

The management at Forgemasters, put together four year ago out making a slight profit on trading so of the heavy forging and casting op-erations of BSC and Johnsons Firth But the management believes that there are some prospects of it maksign of the Government's confi- ing a bottom-line profit for the first

It made a so far undisclosed loss ing turnround in the past 18 in the financial year to July 1985, but the company says the loss was Under Mr Phillip Wright, the

of £50m during the three years to managing director, and Mr Thomas June 1965 but is now making a trad-Kenny, the chairman, both brought into the company in 1985, Forgemasters has been undergoing a radfor Industry, said in the House of ical change, including a restructur-Commons yesterday that the guar- ing into 10 separate business opera-

which stood at 6,300 in 1982, is now This should in turn help the down to 2,700, but its yearly turncompany's return to profitability over has remained relatively stable tial sums) also hit the airline.

provement over this time last year, which is the only way of securing at about £100m.

As a result, the financial results the Los Angeles route is up by some

bol of the company's turnround.
"We are in business and we are

has almost caught up with its coun-terpart in the US, Ms Susan Lloyd,

ture capital firms in the UK com-

Andrew Taylor reports on the beleaguered cement maker

Blue Circle seeks more efficiency

IT HAS BEEN a trying year for unfortunate, but he says it would be fine Circle, Britain's biggest cewrong to link the redundancies when manufacturer. It has lost marwith events of the last 12 months.

The character of the last 12 months.

cement companies have faced renewed threats from cut-price imports as a fresh investigation has been launched by the Office of Fair Trading into the common pricing agreement operated by British

While this has been going on, Mr John Spalvins, an Australian busi-nessman, has established a 7.9 per cent stake in Blue Circle Industries. Last week Blue Circle announced plans to sell its Australien cement interests in which it holds a 41 per cent stake: a move which, it says, is unconnected with Mr Spalvins' recent interest in the group.

All of which is reason enough for Blue Circle, which produces around 57 per cent of all cement sold in the UK, to feel beleaguered.

The announcement of redundancies and cuts might appear to be a logical conclusion of all the trials and stresses that Blue Circle and the rest of the cement industry is

In fact, the reorganisation of the per cent of the home market - have UK cement division is part of a traditionally used chalk to make celong-term strategy by Blue Circle to iment.

Improve profitability and competitiveness by introducing more flexiter content and therefore uses more

chairman, admits that the timing of the announcement may have been

ment manufacturer. It has lost market share, parted company with the chief executive of its UK cement division and, two weeks ago, announced plans to axe around 2,000 which is unlikely to see any appreciable advance in domestic sales. therefore come from improved effi-ciency, says Sir John.

Sales by British cement produc-ers, after falling throughout the late 1970s and early 1980s, have levelled at just over 13m tonnes a year. This compares with an average of 17.5m tonnes a year between 1968 and 1972 when the postwar building

boom was at its zenith. The reasons for the decline are primarily cuts in real spending by successive governments on capital construction projects and the improved quality of cement and greater use of additives, which has meant that relatively less cement has been used in concrete manufac-

The decline in sales, coupled with greater pressure on prices and the rise in energy costs after the 1973 oil crisis, has forced manufacturers to invest in more efficient production techniques. Domestic producers - which still control almost 97

ble working practices, cutting over-time and raising productivity: the ment, than does limestone, mostly plans for which, the company says, used by continental European manwere laid some time ago. ufacturers. Some of the new tech-Sir John Milne, Blue Circle's niques use filter presses to elimi-

The result of the changes in tech-

24 as more inefficient older plants have closed. The number of production workers employed by the re-maining three British manufactur-ers - Blue Circle, Rugby Portland and Castle Cement, part of Rio Tin-to-Zine – has halved from 11,400 in

pean rivals, continue to suffer from more than is actually sold.

It is against this background that Blue Circle has announced a new round of redundancies. Its plan this time is not simply to reduce num-bers but to introduce new working

As its model, the group is using agreements negotiated at its plants at Cauldon, Staffordshire, in the Midlands of England, and Dunbar, East Lothian, in central Scotland, where £80m has also been invested in new plant.

The agreements at Cauldon and Dunbar have, says the company, produced greater flexibility be-tween production and craft workers, particularly over maintenance. This has helped to reduce overtime and almost doubled productivity at the two plants.

Higher distribution costs and initial teething problems at Cauldron and Dunbar, now resolved, have contributed to the recent poor showing of Blue Circle's UK cement

Since 1982 British cement prices have increased by around 8 per creases, and this has further dam-

nology and lower sales has been aged profitability. Operating profits that, since 1970, the number of UK in tha UK cement division have fallabout £18m in 1985 and to £8m in the first half of this year. Market share is believed to have slipped this year from around 58 per cent to

about 57 per cent. Sir John Milne, however, stresses that there is no link between the reorganisation of the division and the Despite this, domestic producers, resignation, just a few weeks earli-like most of their continental Euro-er, of Mr Keith Court, as chief ex-

ecutive of Blue Circle Cement. The UK accounts for only just unovercapacity. British plants are cap-able of producing 2m tonnes a year der 8m tonnes of the 27m tonnes of cement that Blue Circle produced worldwide in 1985. Elsewhere, the group is expanding rapidly in the US after a series of acquisitions. In Mexico, once the jewel in the

company's crown, Blue Circle has recovered most of the ground it lost after the collapse in the oil price in tha early 1980s which damaged the

Mexican economy. But with overcapacity in cement manufacture worldwide and new building no longer to the forefront of either mature or emerging economies, the 1980s has been a flat period for Blue Circle. Group pretax profits in the last four years have failed to match the record £119.7m

achieved in 1981. Blue Circle believes that improvements are most likely to come through the greater efficiencies it is seeking in the UK and its expansion in the US, where operating profits after just four years are likely to rise this year to \$70m (£49m) on a turnover of \$700m.

Of the motives of Mr Spalvins, Blue Circle's new Australian shareholder, the group knows nothing. It cent, well below the level of cost in- is still watching and awaiting

BCal's \$1bn confidence gesture

THE DECISION by British Caledonian (BCal), Britain's largest independent airline, to spend £700m (\$1bm) on nine of the new US McDonnell Douglas MD-11 longrange tri-jets, for service from 1990, is a gesture of long-term confidence after a year in which the airline received an unprecedented battering from events beyond its control.

The sharp fall in North Atlantic traffic after the US bombing of Libya, giving rise to fears of terrorism in Europe, coupled with the Chernobyl reactor disaster, severely hit BCal's North Atlantic revenues. The Libyan affair itself disrupted BCal's

flights to and from that country.

At the same time, the fall in crude oil prices hit Saudi Arabian and other Middle Eastern traffic while devaluation of the Nigerian naira and continuation of "blocked earnings" problems in West Africa (where BCal is still owed substan-

which is the duly way of secting iob prospects for those who work at Sheffield Forgemasters," he said.

At the beginning of this year the Government turned down a plea from the company to provide the guaranteed by the Government yes-cilon guarantee, which had already terday, which it sees more as a symptotic of 121.7m for the previous year, 1984-85. for the year to October 31, when 50 per cent while the Dallas route is they are announced in the new also much stronger. Freight is also

going to stay in business," said Mr fore it got entirely out of control. By 1987.
Wright.

Michael Donne says the decision by British Caledonian Airways to buy McDonnell Douglas long-range tri-jets follows a difficult year

up to 1,000 staff, closing some overseas sales offices and reducing the number of flights offered on some routes, the airline sought to cut its costs and improve its productivity. These moves seem to have worked. BCal now says that its pro-

ductivity (as measured by the num-ber of "available tonne kilometres" or ATKs of passenger and cargo ca-pacity produced for sale) is up by some 11 per cent over the previous year at 294,000 ATKs per employee, which it claims is substantially better than British Airways.

At the same time, traffic is improving, especially on the North At-lantic. Although the New York route is showing only a small improvement over this time last year, doing well.

As part of an overall campaign to profit of £21.7m for the previous improve the airline's condition, Sir The airline moved earlier this a profit target of £30m for the cursummer to correct the situation be- rent financial year to end-October

raised only £50m. Ms Lloyd identi-

fied six changes in the pattern of UK venture capital finance in 1988. • Fund-raising had become harder

Most new funds (13 out of 18) were specialised - either by indus-

try, region or in some other way. • The time lag between a management buy-out and the flotation of

the company was getting shorter.

· Venture capitalists were syndi-

cating more of their projects among several firms rather than finding the funding themselves, but this

was still much less important than

in the US.

Mr David Coltman, managing director. He prefers to put the past year behind him, but he is confident the

target can be reached. He has already budgeted for a profit of £24m, including taking account of the heavy launch costs of the airline's new route to Tokyo, which it expects to start next spring

maining £6m by "fine-tuning" var- traffic for its long-haul services. ious espects of the airline's perfor-

tion of the external trou fell it during 1985, but he believes ties that may emerge.

During 1987 BCal's primary ex- rope. pansion plans involve the opening of the new route to Tokyo, and the sirline hopes, also to Seoul, South Korea. It has also sought rights to application for flights to Shanghai. ropean operations.

to Hong Kong, these will create a package of Far Eastern operations that will complement the existing packages of routes to the US, to Saudi Arabia and to the Gulf area, to Africa and to Western Europe.

BCal has also sought additional routes in Western Europe, to Copenhagen, Oslo, Stockholm, Athens and Rome, to supplement its exist-ing network that includes Paris, eva, Brussels, Amsterdam and

Its aim is to ensure that it has if the UK Government can win the sufficient European short-haul necessary Japanese approval.

He believes he can achieve the retheir own right but also to generate

While the new order for MD-11s will meet the needs of the long-Mr Coltman admits that the air- range routes in the 1990s, a new line does not want to see any repeti- fleet of European short-haul Airbus (BCal was the launch customer for that the retrenchment measures the A-320) and due for delivery from undertaken have improved its ability to overcome any further difficul- improve the airline's image and earning capacity in Western Eu-

Osaka in Japan and has made an entirely new image for BCal on Eu-



Britain fast becoming role model for venture capitalists

BY HUGH DIXON



pared with 550 in the US, a country five times larger.

The pool of money available to finance venture capital projects in the UK was £3.1bn (\$4.5bn), less than the \$20bn in the US but much ture capitalists were still turning to the US for their role models; but increasingly Britain was becoming a

ly spread, Ms Lloyd said, as there were more venture capitalists in London than elsewhere and they tended to back local companies. In 1985, 27 per cent of all companies more than the C51bm available in backed by venture capital were in Canada – which is third place in the London and 25 per cent in the south venture capital league. British venture capital league. British venture capital league. were in the north of England, 2 per-cent in Wales and 1 per cent in Nor-

thern Ireland

role model for the rest of the world. Although 18 funds had been set Within the UK, the pattern of up, which specialised in particular. Shah presses for new editor at Today

MR EDDIE SHAH, chairman of Today, the colour newspaper launched
in March this year, has written to
Mr "Tiny" Rowland, the Lonrho
chairman, recommending that the
to Mr Rowland calling for Mr Brian
loss-making newspaper should
have a new editor.

have a new editor.

The appeal comes as Today's circulation has started to slide again after the boost it was given by the introduction of a new game Scoop and advertising on television. The campaign pushed the circulation up to around 370,000, but it is believed that sales are now not much above.

MacArthur, the founding editor to be replaced.

Mr MacArthur's professional skills are widely respected at Today, but there is a growing feeling that as a former senior Times and Sunday Times journalist he does not have the natural instincts of a tabloid editor.

Vectorias it was announced that

Losses which had been cut to cial director of The Observer, would

that sales are now not much above
Yesterday it was announced that
300,000.

Yesterday it was announced that about £1.2m a month are now be- take over as managing director of lieved to be accelerating. Total in- Today on January 1.

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Scotland's first malt whisky.



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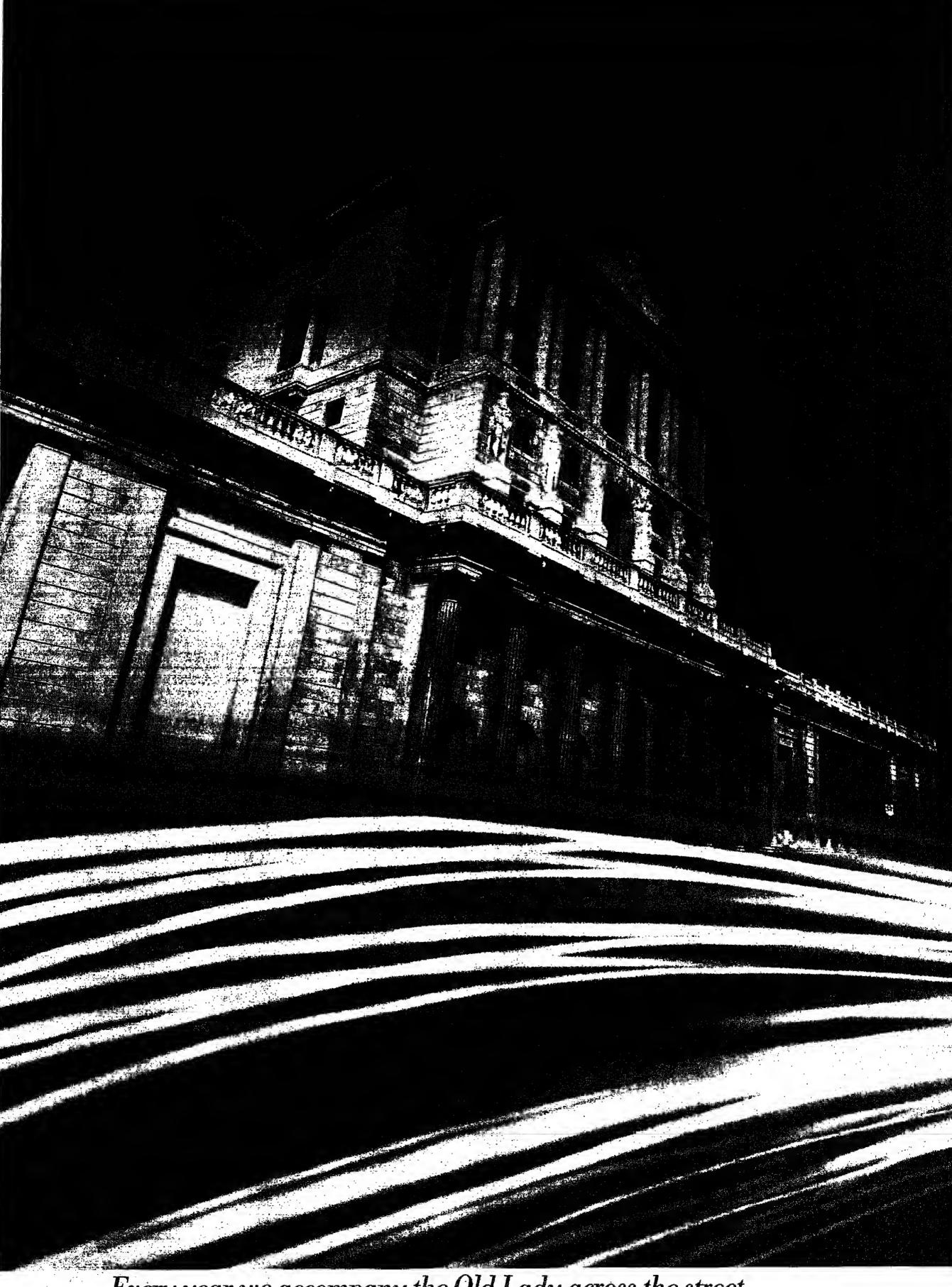
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MANAGEMENT

NICHOLAS WILLS, chief executive of BET, the diversified services company, looks nleased with himself. Hs has just returned from a lunch where five peopla round the table did not look mystified when ha told them what be did.

"People used to look blank when I told them who I worked for," ha says with a smile. For a company which just three years ago made the mortifying discovery that three out of five of its shareholders had no idea

of its sharebolders had no idea what it did that is progress.
BET has spent the past four years attempting a remarkably radical restructuring. It has sold off its North Sea oil interests and its television rental business and gone on an ambitious acquisition spree, buying a swatha of companies buying a swathe of companies in the construction, cleaning and security fields.

BET now bas a spraad of interests from towel and work-wear rental to road tankers; double glazing to scaffolding rental; and aircraft cockpit simulators to slimming magazines. Turnover has increased steadily from £884m in the year anded March 1982 to £1.33bn hast year while pre-tax profits have nearly doubled from £87m

The spur to all this activity was the fear that BET would fall victim to a hostile take-over bid. Established as British Electric Traction in 1896 it was a pioneer operator of Britain's transways. But after a munici-pal takeover of its trans operpai takeover of its train exer-ations in the 1920s it moved on to buses until they were nationalised in 1968. By the late 1970s BET bad run out of

For the five years up to 1983 its profits had stagnated around the £60m£70m figure. When Thomas Tilling, another sleepy conglomerato, fell to a £700m takeover bid from Sir Owen Green's BTR in June 1983 the

The City has yet to accord BET the re-rating it is seeking and at one stage it appeared as if the speed of change was confusing rather than impressing investors. But BET has boosted its market capitalisation from just £200m to £1,25bn in five years and hecome a less

Its recent history also holds of markets where we were weak lessons for other companies and developing those where we seeking to restructure themselves. It may offer an alternative to a bruising takeover bid, which has been the City's favoured way of revitalising underperforming companies, and there were also made and there were also made around the restriction of the service industries because, it reasoned, most companies in these areas tended to be small and there were also made around the restriction.

The main architects of BET's good growth prospects. Such change have been Wills, an industries were also charactered into the group from a career in investment management, and for stable earnings.

Though BET new claims to more than a tew months, if at withans, a strong-minded alt; and that it is capable of entrepreneur, Anglian was run making an acceptable return on investment in the first full year formance-oriented managers.

"We didn't need direction before," says Alan Keizer, Joint tomplets assimilation of large managing director of Anglian.

Both men had come up through group subsidiaries and Wills's father, Sir John Spencer

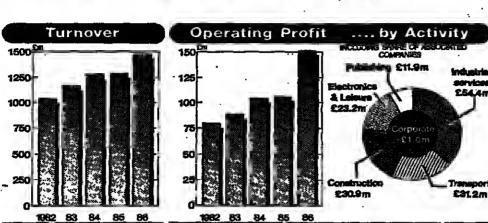
of research to discover where we were," says Wills. "It was not a case of working it out on the back of an envelope in the

bath. We started with the simple concept of getting out

and developing those where we were strong."

BET: an attacking form of defence

Charles Batchelor explains the UK services group's restructuring



and plant hire—it rarely acounts for more than 15 per

turnover comes from weak businesses while some 75 per

least equal to those of their leading competitor. This shift has been achieved

company fits in terms of product or market; that it will not dilute

BET's earnings per share for more than a few months, if at

BET decided to concentrate development. The common feature of all three is that the

fighter ace and former jour be the leading company in natist. They were appointed many of these areas—such as managing director and chair-man respectively in June 1982. replacement windows and crane whaldlaries or affidiates into the BET group. Rediffusion, the electronics company, and two laundry groups, Initial and Ad-

> cent of any market. This is insufficient to allow the company
> to influence prices but leaves been 41 per cent owned, meant
> plenty of "headroom" for BET could attack the towel rental market more aggros-

the £60m-£70m figure. When the £60m-£70m figure. place."

cent comes from strong companies—those with sales at stream of new acquisitions. Its least equal to those of their first target was Anglian Windows, a privately-owned doubla dows, a privately-owned doubla glazing company, bought in September 1984. Anglian comby a three-pronged strategy of september 1984. Anguan com-acquisitions and new business plemented Boulton & Paul, BET's window frame subsidiary. Anglian presented a major challenge in terms of reconciling very different corporate cultures. The creation of George Williams, a strong-minded

"Wo enjoyed ourselves and Farouche Cuisine, a fitted kitearned a lot of money. If we wanted to spend film on a hit of machinery we would do it. Now we have to prepare an annual capital budget BET re-quires a lot of forward planning vance, were absorbed in this to satisfy the City and its share-

holders.

BET is also keen to read the benefits of its new acquisi tions. Apart from imposing common financial disciplines it is also attempting to achieve savings by a common huying policy for anything from fuel to

It also expects group com panies to provide their expertise to beadquarters when it plans new ventures. · Finally, BET has set out to develop new business areas.
Two are currently being expanded — security services

and home improvements. New business developments are headed by John Allan, formerly director of the retailing division of the supermarket chain Fine The embryonic home im

provements division Hometrust was formed from two small and a convertible Eurobond.

Companies — Mediex (bathroom The restructuring of the particular fittings) and Roomsets (fitted three years has given BET the extracted from two larger BET package to major customers. At companies, Initial Services and Boulton & Paul respectively. It is now being expanded by clean offices and plant, supply acquisitions, most recently and launder the workforce's perceptions and attitudes."

been pedestrian,

"It's a well-managed company in the past three years has given BET the "It's a well-managed company in the Wills team is good," betails from Cordella Currier at says Bruce Jones, an analyst House, Southampton Row, London. January 28-29. Fee: f460. Details from Cordella Currier at Lion International, Premier House, Southampton Row, London. January 28-29. Fee: f460. Details from Cordella Currier at Lion International, Premier House, Southampton Row, London. January 28-29. Fee: f460. Details from Cordella Currier at Lion International, Premier House, Southampton Row, London. January 28-29. Fee: f460. Details from Cordella Currier at Lion International, Premier House, Southampton Row, London. January 28-29. Fee: f460. Details from Cordella Currier at Lion International, Premier House, Southampton Row, London. January 28-29. Fee: f460. Details from Cordella Currier at Lion International, Premier House, Southampton Row, London. January 28-29. Fee: f460. January 28

Traver Hump Nicholas Wills (left) and Hugh Dundas: rushing into the services sector.

> Allan works with a team of two, researching markets and agreeing general strategy and financial targets. "Companies may have a good intuitive feel for markets in the early stages but lose this later as tha market changes. BET encourages them he says.

> Crucial to BET's restructuring bas been the creation of a strong headquarters finance team, Before BET set off on its new coursa its subsidiaries had been largely responsible for their own financial affairs. All BET did was to consolidate sub-sidiary accounts for the purposes of its annual report.

> "The group wasn't able to use its clout at the financial level." says John Griffiths, BET's deputy finance director. This has now been tidied up. Bank overdrafts have been converted to cheaper money market borrowings and an innovative financial programme has begun involving the sterling commercial paper market

overalis, clean and re-brick kilns, provide a fire-fighting service and move steel around the site. "Wa do almost every

other more purely financially-driven conglomerates such as Hanson Trust and BTR.

But whether its publishing and flight simulation activities

and flight simulation activities can be instifiably regarded as fitting into the services industry figsaw is more questionable. BET claims they do but one analyst comments: "They probably overplay it. Would you really put together scaffolding hire, computer magazines and simulation technology if you wanted to build a dynamic holding company?"

waste disposal contract. "It would be counterproductive to get people to fill in forms." conceded Wills. "But we are atarting to formalise matters."

One area that is already being

investigated is co-operation be-tween the Rediffusion teams which install TV systems in botels, and Shorrocks, which provides hotel room locking and

security systems.

All this activity would serve little purpose if it were not ex-plained to BET's sharebolders— the institutions which own 70 per cent and the 45,000 small investors who own the rest.

Both have been courted in-tensively, the fund managers and brokers with presentations, the small sharebolders with a series of investor evenings around the country. Their loy-alty would be crucial if a hos-tile takeover bld were to be

What has this welter of avtivity achieved? A leaner, fitter BET has emerged but the stock market is still reserving its judgment. BET's share price has risen but no faster than the FT All Share index. Compared with the performance of Britain's two most glamourous con-glomerates, Hanson Trust and BTR, BET's performance has

Rusiness courses

this search for industrial synergy—a derided term Wills shows no embarrassment in using—distinguishes BET from other more purely financially. Non-members BFr 69,500; members BFr 62,600. Details from the Registrar, Management Centre Europe, Postbus 95, NL-3417 AH Montfoort, Tho Netherlands. Tel: 32/2/516.19.

11. Telex: 21917 mce 8. Telefax: 32/2/513.71.08.

Strategic planning and decision making, Oxford. December 16-18. Fee: non-members £448.50; members £414. Details from Tho Strategic planning Society. 15
Belgrave Square, London
SW1X 8PU. Tel: 01-235 0246/7. really put together scaffolding hire, computer magazines and simulation technology if you wanted to build a dynamic holding company?"

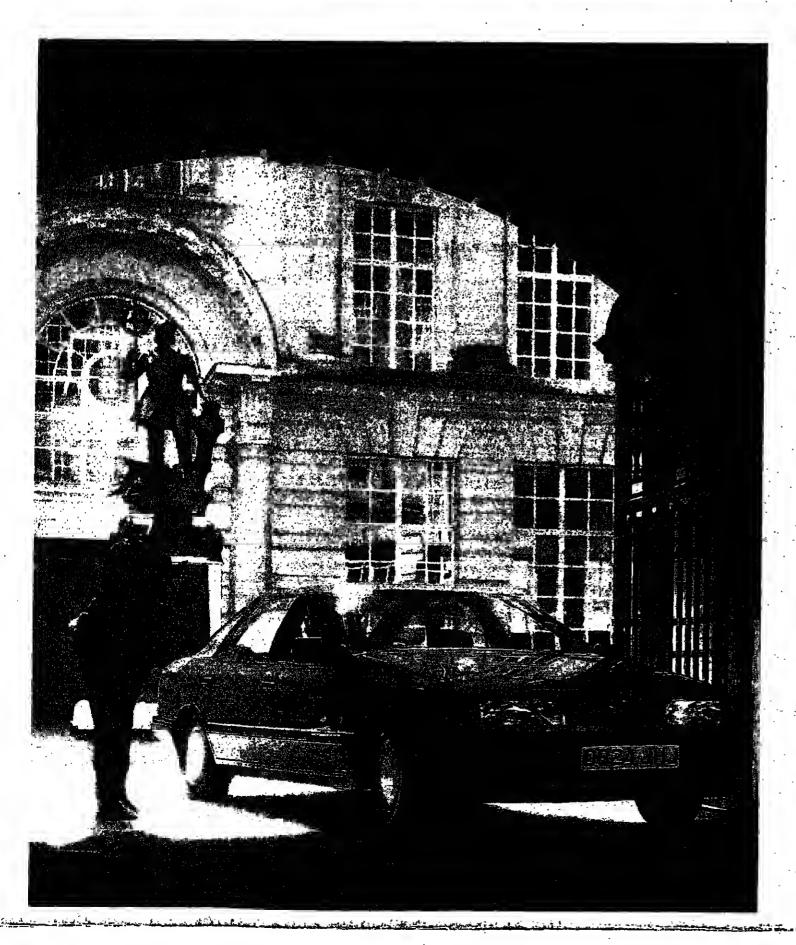
More important, bow do you get tha different divisions of a diversified company to work for the corporate good when thoy are not even used to thinking collectively? BET is wrestling with this problem at the moment.

It is attempting to devise a system for rewarding, say, a linen rental salesman for persuading a customer to sign a waste disposal contract. "It would be counterproductive to get people to fill in forms,"

Belgrave Square, Square, Square, Square, Tel: 01-235 0246/7. Effective product management, London/Birmingham. January 27-28 (London): March 3-4 (Birmingham. Fee £460 (£483) after January 13). Details from Miss J K Van Wycks, Seminar J Ision, Crown Eagle Communications, Vernon House. Sicilian Avenue, London WC1A 2QT. Tel: 01-242 4111. Telex: 896827 TACS G/Ref 1202. How to conduct successful negotiations in a curporation—including technical, marketing and financial environments, London. January 19-20. Fee: \$450 (£483) after January 13). Details from Miss J K Van Wycks, Seminar Jivi-Jivi Miss J K Van Wycks, Seminar Jivi Jivi Miss Jivi Miss J K Van Wycks, Seminar Jivi Jivi Miss Jivi Miss Jivi Miss Jivi Miss Jivi Miss Jivi M

ticipant). Details from Seminar Department. Frost & Sullivan, Sullivan Honse, 4 Grosvenor Gardens. London SWIW ODH. Tel: 01-730 3438. Telex: 261671. Fax: 01-730 3343.

Marketing management, Brussels. January 19-23. Fes: non-members BFr 82-700: members members BFr 82.700: members (AMA/I) BFr 74,400. Details from Management Centre Enrope, rue Caroly 15. B-1040 Brussels. Tel: 32/2/516.19.11. Telex: 21.917. Telegrams Manacentre. Telefax 32/2/513.71.08. strategies for managing mature (or declining) busi-nesses, London. January 13. Fee: £395 Individual + VAT: £355 each additional participant + VAT. Details from Frost & Sullivan, Sullivan House, 4, Grosvenor Gardens, London Sullivan, Sullivan Grosvenor Gardens, London SW1W 0DH. Tel: 01-780 3438. Telex 26171. Fax: 01-780 3843. International company lawyers' conference, Munich, February 18-20. Feo: Non-members BFr72,000; Members (AMA/I) BFr64,800. Details from Management Centre rue Caroly 15, Tel: 32/2/516.19.11. Europe. Brussels. Telex: 21,917. Telegrams Mana-centre. Telefax 32/2/513.71.08. Standard conditions of UK defence contracts, London.



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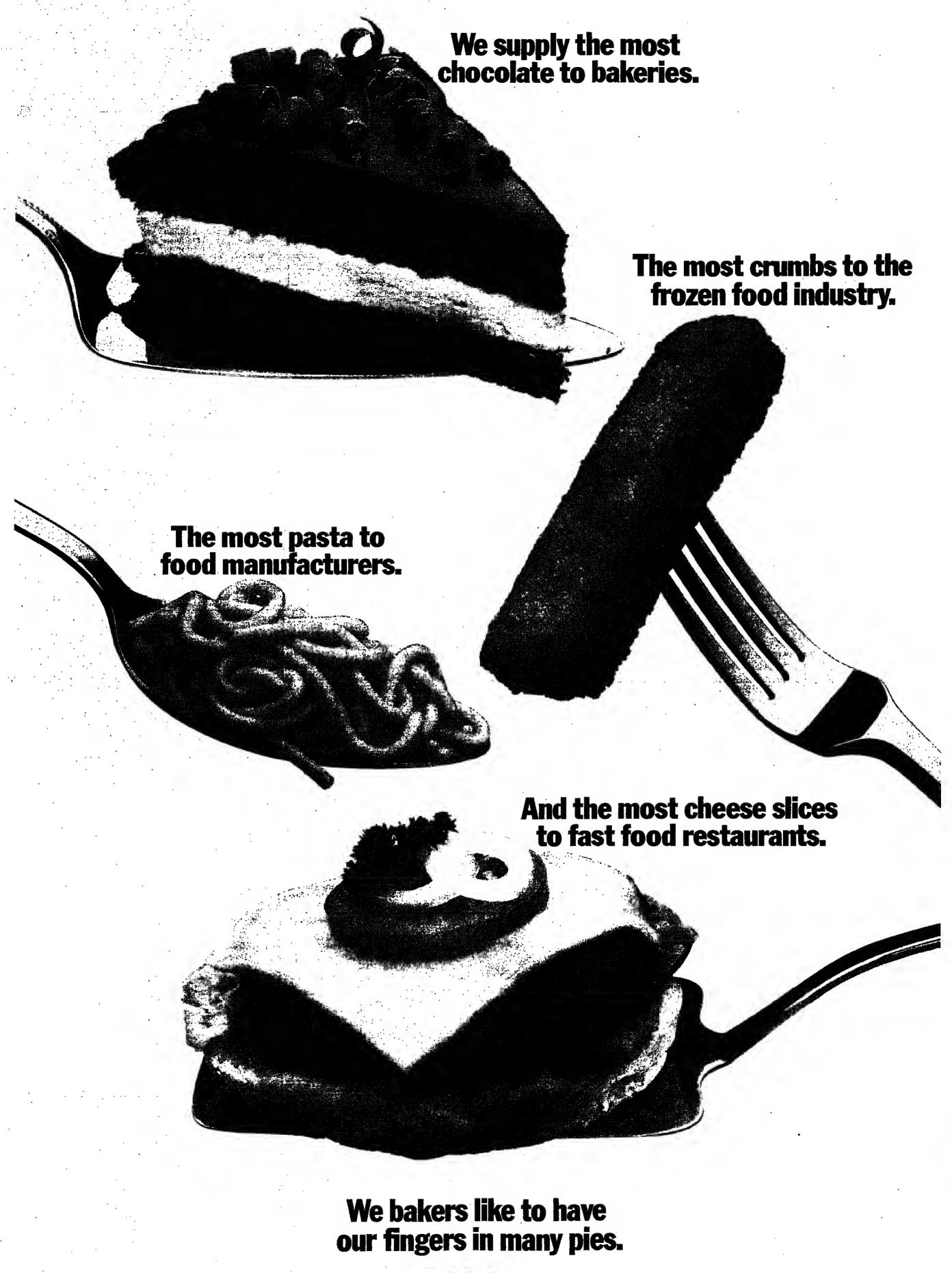
friction seat belts that don't tug at your shoulder, the steering column that adjusts for height as well as reach, the high-security locking system, the radio aerial that's built into the back window out of harm's way, and the powerful halogen driving lights to pick the way home after a late night at the office.

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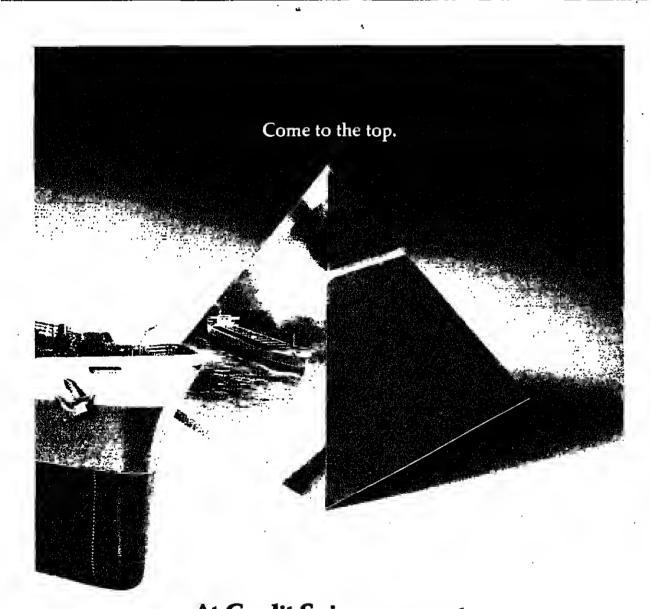
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CEMENT INDUSTRY

Tim Dickson on the Belgian cement group's big North American deal

CBR homes in on the US market

American—deserves attention in its own right.

But the recently completed C\$452m (US\$327m) purchase by Cimenteries CBR of the cement activities of the Canadian group Genstar is equally significant as a guide to the developing strategy of CBR's "parent" company, Société Générale de Belgique.

"La Générale," as Belgium's largest financial and industrial bolding company is often known

bolding company is often known (reflecting its pivotal role in the local economy) owns just over 25 per cent of CBR, the dominant Belgian cement and ready mixed concrete manufacturer.

But the links between the two groups are a lot closer than the possession of a simple minority stake might suggest. Société Géoérale not only made a significant financial contribution to the financiog of CBR's amhitious acquisition; its guiding hand is evident from the fact that the deal neatly illustrates the eims being pursued by the Société Générale's governor, Mr Rene Lamy.

In a nutshell Société Générale—an extraordinary collection of stakes in more than 1,200 subsidiaries and associates -has committed itself to re-organising its portfolio into ten homogeneous areas (of which cement is one) and to expansion beyood Belgium in international markets, notably North America. In this respect, recent developments at CBR represent a significant step.

The acquisition of Genstar's cement activities, however—one

of the largest deals abroad by any Belgian company and likely to produce a group with com-bined turnover of BFr 35bn (3593m) in 1987—is far from a leap in the dark, CBR has bad interests in North America since the mid 1950s and over the last two to three years in particular had conspicously stepped up its search for growth on the other side of the Atlantic. It is there, eccording to Mr Julien Ven Hove, the com-pany's president and director general, where CBR's future increasingly lies. "All European countries are suffering from overcanacity in the cement

ector," he complains, "At 75 per cent our capacity utilisation is good compared with an average of perbeps 65 to 70 per cent for others, but it is obviously very difficult to hit by the oil crists and, accord- Société Générale contributed despatched from le cet higger in Europe. On the ing to Mr Van Hove, government around BFr 2.5bn in all to the permanent hasis.

America over the years has mostly involved selling the benefits of its acknowledged technical know-how. Its direct interest in that market has been relatively limited until

The company's first venture into North America dates hack to 1954 when it provided



Rene Lamy (left) and Julien Van Hove: reorganising Société

advice end Cement. Inisnd was subse-quently merged with Sogimines (Société Générale de Minerale)

chased a Montreel-based cement, concrete products and construction company called Miron in 1960—a move which initially proved successful but which later suffered from the problems of the Quebec economy before being sold to Genstar in 1972. At that point CBR became a 4 per cent share-

holder in Genstar.
That stake assumed increasing importance after 1974 when, in common with other countries, Belgium's building industry was

ANY MAJOR Belgian company other hand, there are still policies restricted access to new that doubles its size in one ecquisitive gulp—especially when the target is North America, parwhen the targe as moves were made to diver-sify into other fields.

That is why in 1984 CBR and That is why in 1984 CBR and Genstar set up a new partnership to operate Genstar's two plants in California and to expand from this base in the US. CBR started with a minority holding of 17 per cent but the agreement was that this would be raised to 50 per cent at the end of eight years.

end of eight years.

The opportunity to purchase
the entire cement activity of its new partner came when Genstar



Générale's portfolio and planning growth by acquisition

was taken over by Imasco and engineering skills for a new the new owner put that side of Canadian business called Inland the husiness up for sale. The BFr 14hn purchase price inevitably proved quite e mouthful for a company with share holders' funds of just group changed its name to BFr 10.8hn at the end of 1985 Genstar in 1969.

CBR, meanwhile, had purchased with Société Générale.

Half the required proceeds were borrowed from Canadian and US banks; the rest was reised by subscriptions to a new-Dutch holding company—CBR managers have left, and that the Cement Corporation BV—in links hetwen the two groups are which Cimenteries CBR has 82 already strong because of past per cent and Société Générale co-operation. The former ex18 per cent. CBR raised co-operation. The former ex18 per cent. CBR raised equive vice president for BFT 2.7bn of the BFT 5.7bn cement in Genstar has been apprended through a one-for-three mainted president and chief needed through a one-for-three pointed president and chief rights issue, providing the rest executive officer of CBR's North from cash balances and new American division, and only one

operation through its participa-tion in the CBR capital increase and its direct stake in the new company.

The Genstar deal may be hlazing a new type of trail for CBR and "La Générale," hut in terms of large-scale European participetion in the North American cement market the Belgian group is a late entrant. Most of CBR's major European competitors—Holderentrant. most of CBR's major European competitors—Holder-bank of Switzerland, Blue Circle of the UK Lafarge and Ciments Francais of France end Heidelberg of Germany, for example—are already re-presented and indeed European companies between them now control more than 50 per cent

Mr Van Hove nevertheless believes that CBR can grow through acquisition, with his targets for the moment likely to be smaller family-controlled

He adds: "Fifty per cent of our cash flow is to go on re-placement of existing plant, the other 50 per cent on acquisitions in North America."

Analysts generally accept CBR's technological strengths. but the question remains how much growth can he squeezed out of the new North American operation. A Kredietbank analyst points out that the boom in US househuilding has tailed off with obvious implications for the construction and coment the construction and cement industry. Office building and investment property, he adds, are also not as healthy as they

were. Even Mr Van Hove admits that European earnings—admit-tedly without the burden of the major closure costs of previous years—are likely to be hetter than in North America in 1986 and 1987 (the reverse was true

in 1985) Genstar's cement activities, spread across several thousand miles from Winnipeg to Vancouver to San Francisco, also represent a formidable new management challenge for a Belgian business. CBR, though, points out that the North American operations are already well run, that no key medium term bank loans senior CBR executive has been Société Générale contributed despatched from Brussels on a

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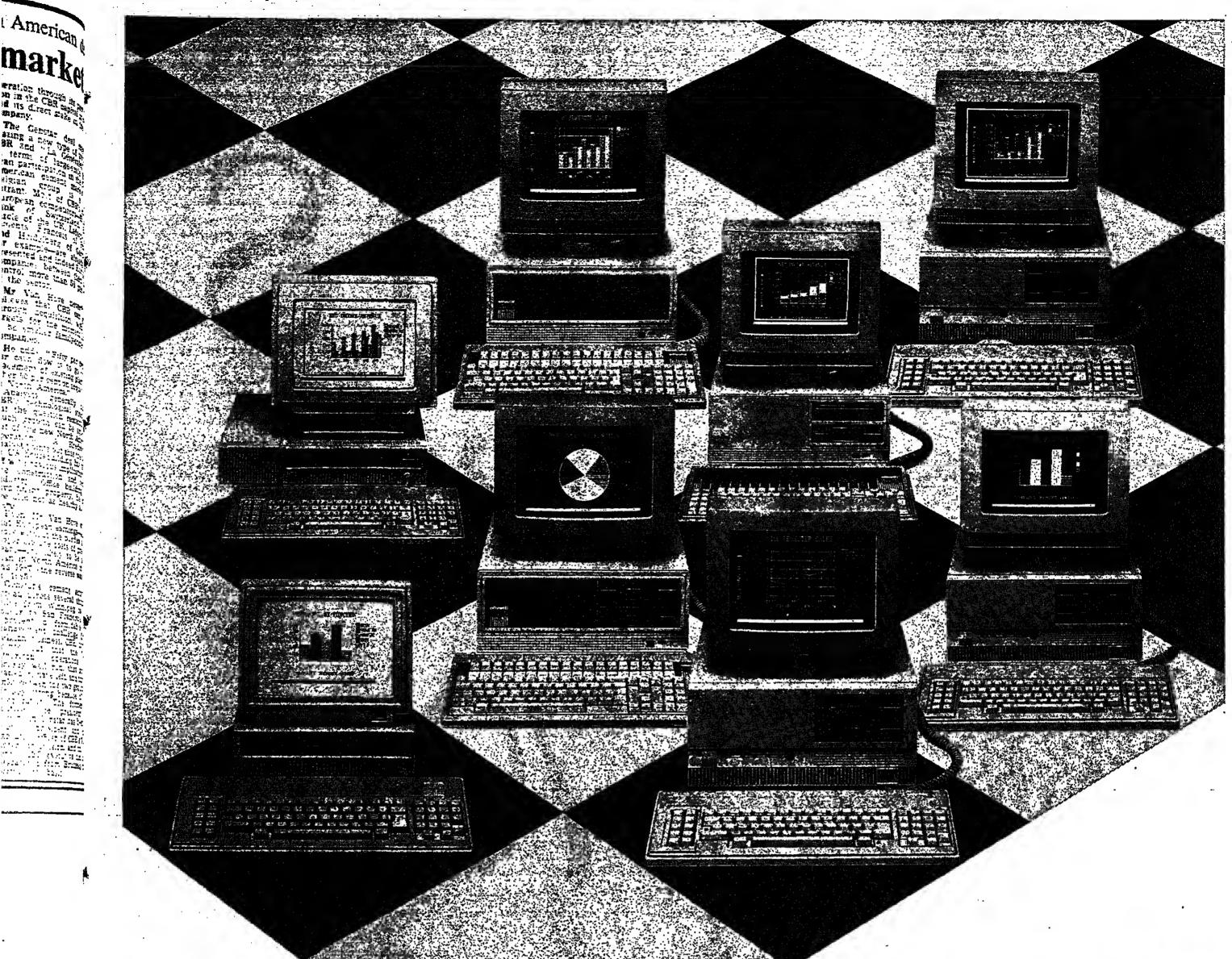
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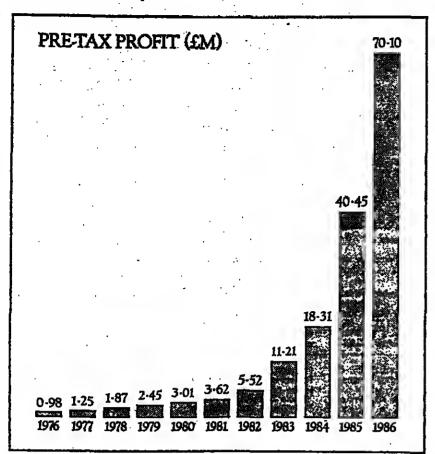
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The advertising business has been going through structural change like many of its clients, seeing the emergence of global concerns and the concentration of the business into fewer hands.

Over the last 5 years the share of total world advertising spending by the largest 100 US advertisers has risen from 12% to 17%. Over the last 10 years the small group of multinational agencies have grown by 311% compared to 130% for domestic agencies, increasing their share of world advertising from 12% to 20%. And their number has shrunk from 12 multinationals five years ago to just 8 today.

Professor Sheth of the University of California sees most industries becoming organised into no more than three global concerns and a number of niche players. Three seems to be the magic number in almost every market. This follows the 'Law of Dominance' expounded by research studies which define market rank in these simple terms: No. 1 is wonderful; No. 2 is terrific; No. 3 is threatened; No. 4 is fatal.

During the course of 1986 the Company took significant steps towards achieving improved market rank. In February we added creative strength in the US through the acquisition of Backer & Spielvogel Inc., America's fastest growing agency of recent years and highly regarded for its outstanding work for major US clients.

More recently the Company acquired Ted Bates Worldwide Inc., the world's third largest advertising network. Through Bates we have been able to add a truly global structure to the Company's operations.

We are now the leading company in nine key markets including the US and UK, and rank in the top five in a further twelve countries.

The Company's 150 wholly owned offices worldwide now work with over 60 of the world's largest 100 advertisers and over 40 clients in five or more countries.

A GLOBAL RESOURCE

To put the scale of the Company's advertising operations into perspective, the billings of our agency in Minneapolis exceed those of any agency in the UK. The profits earned in 1985/86 by our agencies in Scandinavia alone exceeded those of the next largest UK quoted agency. In 1987 the Company is expecting over fifty individual profit centres to generate pre-tax profits of more than \$1 million each.

In order to achieve a prize of this magnitude it was inevitable that some clients would be given up due to conflict with others. Over the last six months this expected restructuring of clients has duly taken place. Though the total value of business transferred, almost \$400 million,

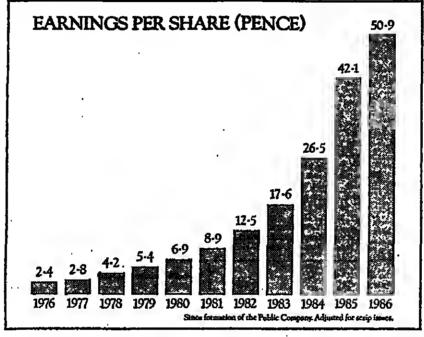
has produced a number of gory headlines, it represents only around 5% of total group billings, and has been more than compensated for by over \$400 million of new business gained within the group in the same period, including major assignments from Procter & Gamble, RJR/Nabisco, Xerox, Mars and Renault.

The Company's global scale and resource provide us with the strength from which to build our world advertising market share from its current level of around 5%, and our market position within the important sectors which together make up the business services industry.

The Communications Division has already made good progress in the year by the establishment of a significant presence in direct marketing in Europe, to build on our strength in this fast growing field in the US and in the UK our public relations operations now rank amongst the top three.

The partnership with Dancer Fitzgerald Sample (DFS), the 13th largest US advertising agency, has provided a major international alliance for Dorland in the building of a substantial independent and autonomous group.

The Consulting Division had an encouraging year. Following top level promotions within the Hay Group which has seen the next generation of management succeed to key positions in the company, we are looking forward to significant growth from this sector of our business.



The business services market is large, fast growing and highly fragmented. An ideal opportunity for the Company to exploit existing net cash resources of over £100 million organically and by further acquisitions.

A CO-ORDINATED BUSINESS SYSTEM

In recent years the best run companies have been seeking to bring together every part of their organisation in a co-ordinated drive for maximum efficiency. In this 'holistic' view every part of the business pulls together in the same direction—a clear strategy, a simple organisational structure, highly motivated people working with the best information, sound marketing and good communications with customers and staff.

To achieve the optimum business system for its industry, every aspect of a company's activity has to be seen holistically — or the organisation is only as strong as the weakest link in the chain.

A brilliant new strategy is of little use if the people in the company don't understand it, or are not motivated by it. And highly motivated people are not much use either if they are acting on the wrong information, or are not communicating clearly with their customers.

In essence, the workings of a company are not dissimilar to the workings of one's body. There is no point in trying to get fit just by dieting, because regular exercise is needed as well, coupled with the right diet, and the right psychological condition.

Our objective is to help clients achieve their optimum business system by offering a co-ordinated expertise in the key business services areas: advertising, direct marketing, public relations, sales promotion, research, design, management consultancy and recruitment. Already, over 30 major clients work with our Company across 3 or more of these sectors.

Theodore Levitt, Professor of Business Administration at Harvard Business School, one of the most influential thinkers about global marketing and business trends, has joined the Boards of both our Communications and Consulting Divisions. His experience has already proved beneficial to the Company and a number of our clients.

A CREATIVE FOCUS

Our consistent strategic aim is to achieve the highest standards of professional excellence in every sector and in every country.

We believe that we should never be satisfied with the status quo, but should always look for a better way — both for ourselves and for our clients. That real change can be achieved.

Observers often ask how it is possible to remain 'creative' as you get bigger. Certainly, it is possible to create a small organisation with a handful of people and clients which is intimate, bright and creative.

Such companies declare that they would rather have high creative standards than succumb to the arthritis of international management disciplines.

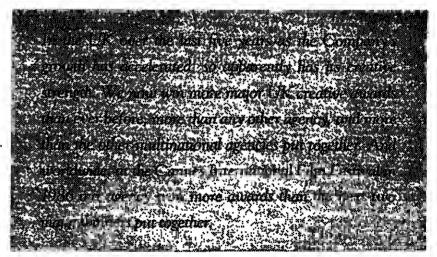
Other managers feel that they would prefer to operate a solid, structured international network rather than try to outdo creative boutiques.

Both viewpoints overlook the possibility of combining discipline and creativity in one organisation. This is because it is hard to do.

We have always tried to be consistent and singleminded about the type of company we wanted to build. We have never been believers in small operations which are dependent on the style of one or two top people, however outstanding those individuals may be.

On the other hand we have had no desire to create a giant — if that meant operating along the lines of some grey bureaucracy.

We have always aimed to create the one type of service organisation which so often eludes the grasp of those few men and women who have tried to achieve it—a large organisation, certainly, with all the stability that gives to employees, and all the back-up that provides for clients—but one which at the same time also succeeds in being progressive, youthful and innovative in approach.



In short, we believe that it is good to be big, it is better to be good, but it is best to be both. If we succeed in achieving this goal we will be sure of continued growth in all of our activities, and continued financial success.

Every year since becoming a public company in 1976, we have been able to state that the year to come will show a record performance by the Company. We are delighted to report that we anticipate that 1987 will be another record year, well up to expectations.

For any further information about Saatchi & Saatchi Company PLC please contact the Company Secretary at 15 Lower Regent Street, London SW1Y 4LR or at 625 Madison Avenue, New York NY10022.

SAATCHI & SAATCHI COMPANY



Theatre

NEW YORK

Cats (Winter Garden): Still a sellout,

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the "30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line (977 9020).

A Chorus Line (Shubert): The longestrunning musical ever in America running musical ever in America has not only supported Juseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in

which the songs are used as audi-tions rather than emotions. (229 8200). La Cage aux Folles (Palace): With some timeful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to cap-ture the feel of the sweet and hiar-ious original between high-kicking and gaudy chorus numbers. (757.2026).

(757.2628).
Fin Not Rappapert (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239.6301)

ig River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (2460220).

The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an incontrast mysical

ens classic is an ingenious musical with music-hall times where the au-dience picks an ending. (239 6200).

CHICAGO

Pump Boys and Dineties (Apollo Cen-ter): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kit-chen utensils has proved to be a du-rable Chicago hit. (935 6100).

The Marriage of Betty & Boo (Arena): Christopher Durang's latest swipa at domestic life and marriage has an autoblographical air as it dissects three generations of a contempor-ary American family. James C. Ni-

LONDON

Les Liaisums Dangereuses (Ambassa-dors): Christopher Hampton's mas-terity version of Laclos epistolary novel is sexy, withy and wise, like a collaboration between Mariyaux and de Sade. Howard Davies's sell-cut. out pre-Revolutionary production for the RSC has moved from the Pit for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffrafi. (836 6111, CC 836 1171). Misaliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing

Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox. Sizzabeth Spriggs and newcomer Richard McCabe (628 8795. C 638 8891).

Lend Me a Tenor (Globe): Ian Talhot leads the new cast in Ken Ludwig's fizzing comedy about backstage tribulations in Cleveland, Ohio, during a doomed 1932 tour of Verdi's Otello. A blight at the opera. (437 1592, CC 379 8433).

The Phinatom of the Opera (Her Majesty's): Spectacular but emotionally mutritional new musical by Andrew Lloyd Webber emphassing the romance in Lerour's 1911 novel. Hap-

Livyl Webber emphasising the ro-mance in Lerour's 1911 novel. Hap-pens in a wonderful Paris Opera ambience designed by Maria Bjorn-son. Hal Prince's alert, affectionate production contains a superb cen-tral performance by Michael Craw-ford. A new, meritorious and palpable hit (839 2244, 379 6131/240 7200).

cola directs a cast headed by Casey
Biggs, Donna Snow and Thomas
Anthony Quinn. Ends Nov 23.

Kafka's Dick (Royal Court): Alan Bennett resurrects Kafka as a tortoise in the living room of a contempoin the aving room or a contemporary dogsbody researcher, an insurance clerk like his hero. Brave, strange and funny play about biography hinging, in part, on the enlarged matter of a small member. (730 1745/1857).

> Women in Mind (Vaudeville): Alan Ayckbourn's new comedy has a bril-liant performance by Julia McKen-zie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Eleak but furny, hailed in some quarters as vanguard feminist drama; be not vanguard feminist drama; be not put off by that (836 9987/5645).

> When We Are Married (Whitehall): vien we are married (Whitehall): Impecable, joyous revival of an English comic war-horse now with a new cast, but Bill Fraser returning as the tipsy Falstaffian photographer. (930 7765, 839 4455, CC 379 6565/8433).

Starlight Express (Apollo Victoria):
Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all infinences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 5184).

NETHERLANDS

msterdam, Bellevue Theatre. En-glish-Speaking Theatre of Amster-dam in Michael Frayn's Benefactors directed by Jill Shand (Tue to Thur).

chel Plasson, Ivo Pogorelich, piano

Gabriel Pierne – Les Enfants a Be-

bers of the Gainsborough String Quartet on original instruments.
Malcoln Bilson director and pianoforte. All-Mozart programme (Mon);
Arthur Balsam piano recital. CPE
Bach, Mozart, Beethoven, Chopin,
Brahms (Tue mat); Prism Orchestra. Robert Black conducting, William Thomas McKinley, Shostako-vitch (Tue); The American Brass vitch (Tuer: The American Brass Quintet. Maurice Wright (world premiere), Brahms, David Sampson (world premiere), Anthony Plog, Os-valdo Lacerdo, Renaissance Canzo-ni (Wed); Judith Pearce, flute recital with Elizabeth Di Felice, piano. CPE Bach, Duncan Druce, Reicha, Roussel, Jonathan Harvey (Thur). 87th w. of Broadway (362 8719).

Die Drei Groschen Oper in Giorgio Strehier's production and Exio Frigerio's decor with Milva as Jenny. TMP-Châtelet (2233 4444). Wezzeck alternates with Don Quichotte conducted by Georges Prêtre in the Venice Testro la Fenice production with Hanna Schwarz as Dulcinea and Ruggero Raimondi in the title role. Paris Opéra (4286 5022). Robinson Crusoe conducted by Michel

(4286 5022).

tohinson Crusse conducted by Michel
Tabechnik in Robert Dhery's new
production, co-produced with the Opera Royal de Wallonie. Opera Coera Royal de Wallonie. Opera Co-mique (4296 1220). adique Acide Extesis in Mathilde Monnier's choreography to Kurt Weill's music followed by l'Esquisse Compagnie: Bouvier-Obadia. Théa-tre de La Ville (4274 2277).

Ravel's L'Heure Espagnole and De Palla's Retablo de Maese Pedro in a Falla's Retablo de Maese Petro in a double bill from the Netherlands Opera. The Netherlands Philhar-monic conducted by Kenneth Mont-gomery, with soloists Anne Howells, Hein Meins, Leurence Dale and Jean-Philippe Lafont. Mon in Am-sterdam. Muziektheater (255 455), Wed in Scheveningen, Circus Thea-tre (55 88 80)

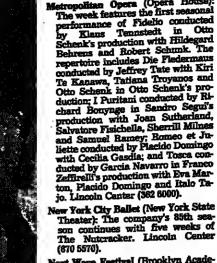
tre (55 88 09). cre (35 so so), cheveningen, Circus Theatre. Neder-lands Dans Theater with Ballet Scenes (Van Manen/Stravinsky), Si-



lent Cries (Kylian/Débussy), and Jardi Tancat (Duato). (Thur). (55 88 00).



The Pilobolus Dance Theatre on tour from America: Mon in Nitmegen, Schouwburg (22 11 60), Tue in Eind-hoven, Schouwburg (11 11 22), wed in Tilburg. Schouwburg (43 22 20), Thur in Amsterdam, Carré (225 225).



Next Wave Festival (Brooklyn Academy of Music): Philip Glass and Robert Wilson's collaboration, the CIV-

IL wars, is presented in the festival with the American premiere of Act V, (Rome Section). Ends Dec 30. Kiri Te Kanawa (716 638 4100).

Alvin Ailey American Dance Theater (City Center): Modern dance, jazz, and ballet mix together in a reperto-

ry built around spirituals and other American music of different peri-ods. The four-week season will in-clude a world premiere chorec-



CHICAGO

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Lyric Opera: The company premiere of Janacek's Katya Kabanova sung in English features Ellen Shade in the title role with her lover Boris played by Dennis Bailey and oppressive uncle Dikoy by William Wilder-mann, conducted by Bruno Bartolet-ti in Virginio Puecher's production. Un Ballo in Maschera is conducted Un Bello in Maschera is conducted by Giuseppe Petane in Sonja Fri-sell's production with Maria Chiara and Luciano Pavarotti. Edita Gru-berova takes the title role, and Neil Shicoff sings Edgardo in director Peter Reichenbach's production of Lucia di Lammermoor conducted by Charles Mackerras (332 2244).

Music

LONDON

Philharmonia Orchestra conducted by Gennadi Rozhdestvensky with Vis-toria Postnikova, piano. Tchalkovs-ky, Borodin and Mussorgsky/Ravel. Royal Festival Hall (Mon). Stuttgart piano trio: Mozart, Ravel and Schubert. Queen Elizabeth Hall

(Mon).
London Symphony Orchestra conducted by Gary Bertini with Krystian Zield Wahler.

ed by Gary Bertini with Krystian Zi-merman, piano, Liszt and Mahler. Royal Festival Hall (Tue).

London Philharmonic conducted by Edward Downes with Nigel Ken-nedy, violin. Delius, Elgar and Vaughan Williams, Royal Festival Hall (Wed).

London Mozart Players conducted by Jane Glover with Adrian Thoumen.

Jane Glover with Adrian Thompson, tenor. Mozart, Britten, Musgrave and Haydn. Queen Elizabeth Hall rmonia Orchestra and Chorus Finiharmonia Orchestra and Chorus and Choir of Kings College, Cam-hridge conducted by Stephen Cleob-ury with Peter Knapp, baritone. Christmas programma. Hoyai Fes-tival Hall (Thur). Hilliard Ensemble: Christmas music. Queen Elizabeth Hall (Thur).

PARIS

Margarita Zimmermann, mezzo-soprano (Mon). Theatre Mogador (4874 5724).



Zubin Mehta, who this week conducts the New York Philhar-

Nouvel Orchestra Philippe Bender (Mon), Salle Pieyel (4561 0630). Georges Criffra: Schubert, Chopin, Liszt (Mon), Comedie des Champs-Elysèes (4504 1215). Grace Bumbry, mezzosoprano, Jona-

monic Orchestra than Morris, piano: Brahms, Schumann, Johnson, Bilkups (Mon), Theatre de l'Athenee (4742 6727). Helge Antoni, piano: Sinding, Chopin, Liezt (Mon). Salle Gaveau (4563 2030).

Orchestre de Paris conducted by Mi-

Ravel, Tchaikovsky, Chausson (Wed, Thur). Salle Pleyel

(Wed, Thur), Saile Player (4561 0630), Nouvel Orchestre Philharmonique conducted by Michel Lasserre de Rozel and Maitrise Radio France: tiehem (Thur). Saint-Germain-des-Pres Church (4277 1883).

Merkin Hali (Goodman House); Mem-

New York Philharmonic (Avery Fisher New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Maria Chiara soprano, Shirley Verrett mezzo-soprano, Luciano Pavarotti tenor, Matti Salminen bass with New York Choral Artists directed by Joseph Flummerfelt. Verdi (Thur), Lincoln Center (874 2424).

Exhibitions

E Greec: 50 oil paintings, part of the Matsukata collection. National Mu-seum of Western Art, Ueno Park, agum of Western Art, Ueno Park, one of Tokyo's few large parks. Several national museums and Tokyo's main concert hall (Tokyo Bunka Kaikan) are in the vicinity. A day's museum-hopping can be pleasantly divided by refreshment at one of the park restaurants. Ends Dec 14. Closed Mons.

Venice: Palezzo Ducale: China In Ven-Venice: Palezzo Ducale: Cama in ven-ice: Chinese Civilisation from the Han Dynasty to Marco Polo (25-1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

Esteve: After important exhibitions in Germany, Switzerland and Scandi-navis, Paris in turn honours the abstract French artist born in 1904. stract reenen artist porn in 1994. The retrospective consists of 116 paintings, 50 watercolours, nearly as many drawings, some collages and tapestries and shows Esteve's development. Influenced at first by Cubism and fascinated by Cazanne, he continues obstinately on his own solitary road until he achieves an equilibrium between a rigorous composition and an explosion of colours. Grand Palais, Closed Tue,

curs. Grand Palsis, Closed Tue, Ends Jan 12 (4258 0924).

Francois Boucher: the 86 paintings and 25 drawings of his first major retrospective re-create the pastel-coloured world he peopled with voluptuous goddesses and shepherds. Premier Peintre dn Roi, a favourite and friend of Madame de Pompadour. Boucher personnel the lighthearted charm and sedice. the lighthearted charm and seduc-tion of the Louis XVth Period, His tion of the Louis XVth Period. His pastoral and mythological scenes reproduced by engravings, tapestries and on Sevres porcelain spread the influence of French court art all over Europe. Grand Palais, closed Tue, Ends Jan 5th (4289 5410).

Les Prix de Rome: The exhibition consists of paintings which won the much coveted stay in Rome for the laurests from 1797 to 1863. The uplifting subjects from mythology or

lifting subjects from mythology or the Bible, the noble sentiments, melodramatic gestures and perfect workmanship crowned in the prestigious yearly competition provide a unique penorama of French aca-demic art. Ecole Nationale des Beaux Arts, 11 Quai Malaquais, closed Tue, ends Dec 14. (4230 3457). Paris Abstrait, 1945-1955; Magnelli's cut-out reminiscent of Braque, a powerful Hartung with his large black strokes against a beige background, Esteve's colourful puzzle and Mathieux's ink-black splotches

and smears are glorying in their ab-

NEW YORK

straction, except for de Stael, whose flowers in dense, dark colours are lit up by orange and manve. Galerie Natalie Seroussi, 34 rue de Seina. Ends Dec 15. (4258 6924). Mattres Impressionistes et Modernes: Pissaro's Women with Geese, a country scene shimmering in gentle sunlight, a well-structured Boudin, a surprisingly poetical Gauguin, two Picassos and a Bonnard, Marquets, Utrillos and a Gris form a counterpoint to an unusually rich collection Utrillos and a Gris form a counterpoint to an unusually rich collection of scalphines. The perfection of Maillol's small bronzes rejoices the eye, as do Lobo's harmonious feminine shapes and the large composition by Laurens with Cubist overtones. Daniel Malingue gallery, 26 Ave Matignon (4268 6033). Ends Dec

SPAIN

Madrid: Julio Gonzalez (1876-1942). Spanish cubist sculptor considered with Picasso the top exponent of this movement, 50 sculptures and 76 drawings on loan by the Ivam, Vadrawings on loan by the Ivam, Valencia's modern art museum. Ends Dec 30. Also Miro sculptures (1893-1983): 100 sculptures and 140 drawings on loan by Moma, Georges Pompidou, Miro Foundation and private collections offer a vision of Miro's sculptures of 1930-1970 of which we know little in Spain, Ends Jan 20. Both at Centro de Avis Rei-Jan 20. Both at Centro de Arte Reina Sofia, Santa Isabel 2. Open Tue ha Sona, Santa Isanes & Open Los to Sun: 10.00-21.00. Closed Mondays, Barcelona. Amos Cahan Collection. Spanish Art in New York. A total of 78 paintings by 35 Spanish artists of the 1950-1970 period who started two significant movements: Madrid's El Paso and Barcelona's Dan al Set. Among the painters are Tapies, Saura, Sempere, Zobel, Torner, Canegar, Mompo, Cuixart and Guinovart. On loan by Dr Amos Cahan, who has one of the top collections of Spanish contemporary art outside Spain. Caixa de Barcelona, Plaza de Sant Jaume Ciutat 1. Ends Jan 20.

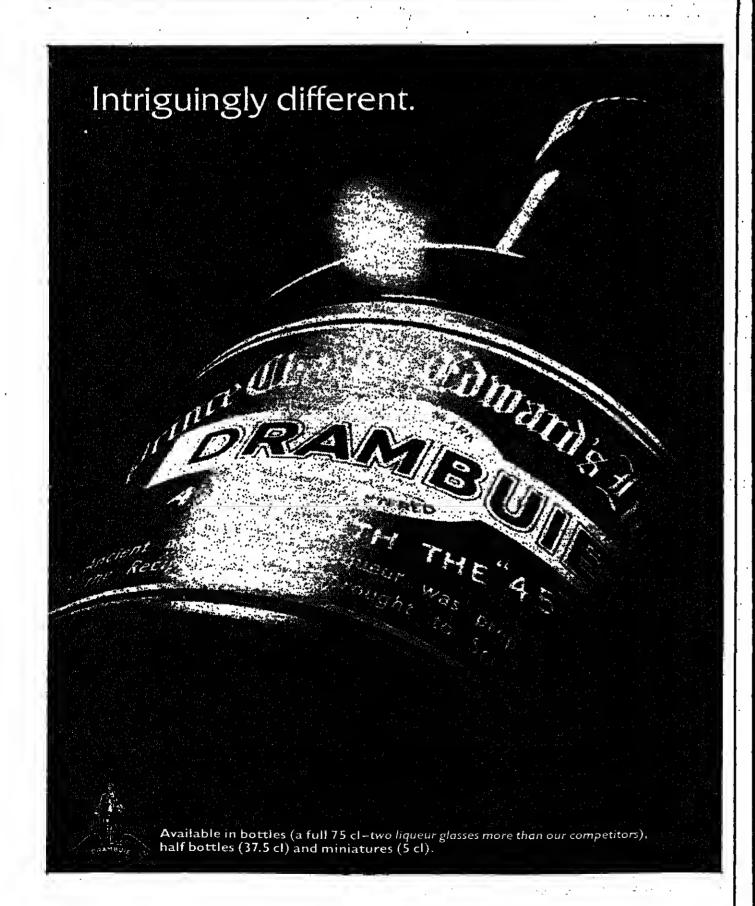
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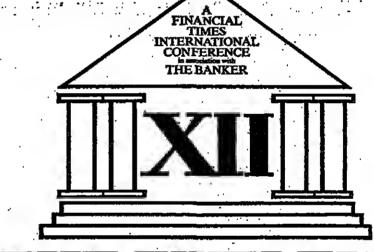
Amsterdam Historical Museum. A collection of 19th-century French drawings and watercolours providing a cross-section of the styles and themes of the period, from the ven-eration of the Napoleonic legend to exotic Orientalism and the Italian picturesque, Ends Jan 4.

Amsterdam, Van Gogh Museum. Mon-et in Elolland documents the Im-pressionist's visits to the country at three different stages in his career with 24 canvases painted in Zandam. Amsterdam and the bulb fields, with related work by French and Dutch contemporaries, Fully il-Instrated English catalogue, Ends

Jan 4.
Rotterdam, Rijksmuseum Land en Volkenkunde. In the Wake of the Liefde presents the intriguing story of cultural relations between Holland and Japan since 1600, Paintings, prints ceramics and furniture highlight the two centuries when the Dutch trading settlement at Deshima was the sole western outpost permitted by the shoguns. Ends Jan 4.

Continued on Page 17





WORLD BANKING CONFERENCE

LONDON 9,10 & 11 December 1986

This important annual conference covers developments affecting investment bankers, general bankers and managers responsible for implementing change in every kind of financial institution.

Mr Hervé de Carmoy of the Midland Bank, Mr James Larkin of American Express and Mr Brian Quinn of the Bank of England will contribute to the Management of Change day on December 9. Booz-Allen will also feature. Mr Stanislas Yassukovich of Merrill Lynch will chair and give the keynote address at the Investment Banking day on December 10. Mr Sam Cross of the New York Federal Reserve Bank and Mr Blaine Tomlinson of Nomura International are among the other speakers.

Commercial Banking features on December 11 and Mr Bill Rhodes of Citibank, Sir Campbell Adamson of Abbey National, Mr Norman Robertson of Mellon Bank and Mr James McDermott of Keefe, Bruyette & Woods are among the speakers.

Delegates may enrol for the whole of the conference or select from among its constituent days.

	THE TWELFTH WORLD BANKING CONFERENCE
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WORLD BANKING

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Company		
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Minster House, Arthur Street, London EC4R 9AX Tel: 01-621 1355 Telex: 27347 FTCONF G Fax: 01-623 8814

Crotchety goblins and huggable monsters

Labyrinth directed by Jim Henson Malcolm directed by Nadia Tass Kangaroo directed by Tim Burstall The Passion of Remembrance directed by Maureen Blackwood and Isaac Julien

Real Genius directed by Martha Est the Peach directed by Peter

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Once upon a time, not so long ago, a reluctantly babysitting teenager impulsively wished ber grizzling baby brother Toby could be taken eway by the goblins. And he was. This pilfering sets adolescent Sarah in search of white rabblt or her own elusive sexuality? The fairy tale is a naturally self - perpetuating genre, so no matter that Terry Jones's acript for Labyrinth borrows heavily from old favnurites, the important element to that the film is the greation time. is that the film is the creation of a team led hy puppet genius Jim Henson which has not only designed the fantasy characters but made living entitles of the

Crotchety goblins, bnggable monsters and sentinels that out-Carroll Carroll, talking doors, a fantastic shaft of hands which propels Sarah up and down, wells that move, staircases in-spired by Escher, all are so hrilliantly conceived and realised

His work with humans cannot match his ability with the in-animate and any one of his creatures has more vitality than Jennifer Connolly as Sarah, as prettily perfect as a commercial for teen cream and looking a bit too old to be messing about with fairies. In splte of potentially better casting. David Bowie as the goblin king is too aloof, too androgynously costumed to be the sexual threat or promise he is subthreat or promise he is sup-posed in represent. The assembling of the alien world and its inhabitants seems to have taken all the available fire, lesving a slow and sterile

Though its technical attrac-tions will find it an audlence (and incidentally it is too scary for the Sesame Street set) Labyrinth is not destined to becoma a classic.

While hardly a Jim Henson,



Colin Friels and Hugh Keays-Byrne in "Kangaroo"

Vienna Schubert Trio

Richard Fairman

When Pfitzner was old and prepared counterpoint.
had lost all his possessions in Yet a different world of the war, Reger's widow took Reger's imagination is also pity of him and gave him a opened to view. The very open-plano. This last act of kindness ing bars of the work are soon

this music. Reger once admitted that he wes striving "to develop the style " of Bach, Beethoven and Brahms, but the comment might just as easily have been made hy Pfitzner. Aspects of Brahms, in particular, are constantly echoed; the rhythms generate the same sort of strenuous activity and the plano parts are full of Brahmsian haver chords and double

heavy chords and double octaves.
Of these two works, it was Reger's E minor Plano Trio Op

102 which calls for further per-

formances in the future. To anyone who is familiar with the

anyone who is familiar with the Reger of the academic organ pieces, much of this trio will have been as expected. A good deal of attention is paid to mat-ters of structure, involving no less than three fully formed sonata movements out of the

four, and there is the usual Cage our appearance of sober, carefully January 12.

the rather dozy hero of Malcolm an endearing film from Austra-lia, has a talent for designing remote control toys.

When his decision to take in lodgers brings Frank and Judith, an ex-con and his girl, into his home, Malcolm slowly sees that his gift can be chanthat it is disappointing to see nelled into more profitable the energy lost in Henson's avenues than gadgetry for bring-overall direction. the parrot. Director Nadia Tass provides much quiet enjoyment from the domestic juxtaposition of slow, innocent Malcolm, vola-tile wary Frank and brash, kind Judith which evolves from mutual suspicion into an un-likely team of bank robbers. The final huld up, performed by four remote-controlled giant ash trays, should ensure no-smoking zones in banks across the country.

> Colin Friels gives an endearing Colin Friels gives an endearing performance as the socially immobile Malcolm who gains confidence from his new-found criminal aptitudes. It is intriguing to find him in the same week playing Richard Somers, the pacifist, intellectual D. H. Lawrence figure in Kangaroo.

Depressed by England's treatment of his work and his German wife Harriet (Judy Davis), Somers turns to Australia as a young land free of bigotry and finds instead powerful under-currents of Fascism and Socialism. As a persuasive writer of political philosophy he is courted by both sides, most ardently by the dubiously nicknamed Kangaroo, the fanatical leader of a secret fascist army. Somers suffers endless debates with himself, his wife and with himself, his wife and friends about his political attitudes and lnablility to make a commitment, end while Kangaroo ends with a violent physical confrontation between opposing factions, it is the only real action in a film of words

Director Tim Burstall used the spectacular Australian locations well to give an illusion of hreathing spece to the film's confinements, but it is still rather hard work, concea-trating on the abstract at the expense of the more interesting theme of the Somers's marriage

ate, intelligent and amusing commercial theatre of its own.

similar reservations in America.

The cliché comparison is with Ayckbourn, who is greeted with



Sarah (Jennifer Connelly) and her friends, Sir Didymus, Ludo and Hoggle, in "Labyrinth"

Sounding more like a revived Armenian classic, The Passion Remembrance is a combination of narrative and documentary relating the recent history of blacks in Britain to their present condition. Made with too much intensity but a remarkable lack of anger, the central character, Maggie, dwells on how internal condicts and productions. and prejudices—sexism in par-ticular—undermine black unity ticular—undermine black unity Val Kilmer)—are clever enough in a bostile white world. Sadly to create a megs-power laser for condemned hy its limitetions their scheming professor, they (political dialogue, video clips and minimal action) to an fact that he is going to sell audience of the converted, this their ideas to the government is a subject that needs to be and even that their discovery attentions are the converted. aired in a much more accessible, cinematic way and there are certainly ideas here to be developed.

Accessibility is not a problem with Real Gentus, yet another adolescent playful and expensive teen professor. comedy. This time the usual premise of near drop-outs after the success of gung ho enterprise with junketing their way through films like Top Gun (in which delightful logic.

and Jndy Davis's fine perform-ance. high school is turned on its head to give us instead a coliege full of precocious scien-tific geniuses, hrilliant in their own field but being deficient in the maturity department, rather given to high I. Q. pranks lika turning a hall of residence into a skating rink or wiring someone's teeth for sound.

Though the boy wonders—
fifteen-year-old Mitch and
eighteen-year-old Chris (agreeahly playad by Gabe Jarrett and could be used for warfare. When the boys finally cotton on, they channel all their inventive power into sabotaging the project and exacting an elaborately adolescent revenge on their

Val Kilmer also appeared), that there's still room for some pesceful anarchy. In a week of crazy projects and obsessions, the curious am-

bition of the protagonists of Eat the Peach almost takes on a sane perspective. Vinnie and his hrother-in-law Arthur are nawly redundant Irishmen who spend too much time wetching Roustabout, an old Elvis Presley bike movie, and hecome consumed with the idea of building their own wall of death in the middle of a huge bara Irish landscape. Resisting the scepticism of family and friends they use trial and error to erect the towering harrel-like edifice taking time off only to finance it with the occasional smuggling

expedition.

Apparently based on a true story, the film is written and directed by Peter Ormrod with a gentle, zany humour and has an irrepressible optimism that At least it is a relief to know, somehow invests the whole crazy enterprise with perfect and

Shostakovich/Festival Hall

Max Loppert

The main work of Wednes- pended. The work seems to be day's BBC Symphony concert as much a reflection on matters under John Pritchard was the raised by "The Year 1905" as Eleventh Symphony (1957) of ebout the actual events them-Shostakovich. Subtitled "The selves; and the musical materiel year 1905," it falls into a genre to which he irregularly returned, is composed out of Shostakoand which has long been somewhat equivocally viawed in the quent Substance — simple West — the programme sym- gestures, simple changes of harphony. The Eleventh Symphony is in fact the first of a pair produced to capture in music the great pre-Revolutionary and Revolutionary flash-points of modern Russian times (the Twelth, "The Year 1917," followed in 1962). hig orchestral works, the ob-

ldeological issues probably account in reasonably good part for the reletive scarcity of hearings both receive here-in contrast to the "parsonal" sym-phonies on elther side of them in the Shostakovich canon, the Tenth, Thirteenth, Fonrteenth and Fifteenth, now constantly played end admired. But the main cause of the Eleventh's unjustified neglect must surely be the perennial discomforts listeners tend to experience when attempting to square sup-posedly abstract and pictorial concepts of music in the sup-posedly "pure" form of the symphony. For this reason, Wednesday's performance was especially welcome: the prob-lem will not go away, but at least there was a chance to hear how much fine music Shostakovich was inspired to produce by his chosen subject.

Shostakovich himaelf is not reported to have felt any such formal discomfort: "I identify programmaticism with cogent content," he nnce said. Whether or not this csn be allowed to hold good for all his programme symphonies, the Eleventh is certainly cogent: there is a balance hetween the episodes of vivid. picturesque realism and the long spans of contemplative return to stillness in which they are sus-gratifying.

vich's most economically elomony and colour that help to focus long paragraphs of musical time and space.

In this respect, Pritchard's reading was successful. As so often in his performances of

vious excitements were under-played—to a fault, I felt, in the second movement, the massacre scene, which can be much more chillingly detailed and fiercely driven. But there was alweys a strong awareness of where the music was going: nne felt this at the start, for though very little seems to heppen in those slow opening pages, the sense of an unfolding canvas was surely sustained. The playing was on a high level—not super-virtuoso, but confident, solid and true in ensemble. As preinde to this bleak, grip ping experience, the BBC had the intelligent notion of placing the Prokofiev Second Piano Concerto, that glittering machineage construction with an lmmense, turbulent piano part.

Again, and in this case perhaps more seriously, the orchestral playing lacked incisiveness; but Dmitry Alexeyev ensured that cold, hard-edged brilliance was never missing at the work's centre. It is possible to find more smoke-filled poatry and humour in corners of the solo part (aa, for instance, Ashkenazy has done); but hardly possible to hope for greater clarity or sharpness of cut (har a few forgivable wrong-note flusters). After several erratic London appearances, Alexeyev's return to form was notably

Ceremony/Sadler's Wells

Ciement Crisp

To open the third and final dryness and faint Inca pipings. programme of its present season London Contemporary Dance Theatre is giving the first London showing of Robert Cohan's Ceremony. With a subtitle— Slow Dance on a Burial Ground -owed to its score by Stephen Montague, it finds its culminating images in Cohan's observation in Peru of dried earth which had cracked and powdered to reveal the mummified remains of the long-dead.

Thus Cohan shows Death (Charlotte Kirkpetrick) swathed in a vast cloak which both shelters and reveals the bodies of the five men of the cast. The vision is powerful, its realisation theatrically striking as the men rear up and then fall back into the enveloping folds of cloth. Prior to this equence we had seen the men dancing, then mourned by a group of women, their chore-ography rather more staid and

Its manner is dramatically valid, but I found only the well-shaped passages which surround the figure of Death clear in choreo-graphic focus. The work is, though, danced with entire commitment

With Jerome Robbins' Moves at the centre of the evening, we are faced with the intriguing possibilities of how hodies move in silence, how the choreogra-pher may focus the dancers' and our attention on what part of the body is moved, and how, emotionally, that movement moves us. It is alertly done by its cast, respectful of its clever mechanics and its tiny gusts of drama.

The return of Robert North's Troy Game to the repertory ends the evening with a view of men as muscled poseurs. The macho posturing was kept under tight control on Wednesday night and the piece had a eccomplished male contingent

Ceremony has good design by never allow the dance to seem Norbeto Chiesa featuring two self-indulgent. They tell its handsome ink-blotched panels. jokes with a nicely dead-pen lts score is apt in suggesting air.

Saleroom/Antony Thorncroft

Record price for Jorn The extraordinary prices paid saleroom. It dates from 1784, for Impressionist and modern when it was bought by Thomas works of art rubbed off on to Jefferson, while American Amworks of art rubbed on to betterson, while American Am-contemporary artists at hassador in Paris. A bottle of Sothahy's yesterday. Its auction totalled £2,983,530, with only 1985 and pronounced excellent. This one more than doubled its result for London, which takes a constant place to Narran American private collectors.

Jean Tinguely.

Also at Sotheby's a proof set. Also at Sotheby's a proof set of 14 coins produced in 1839 for the young Queen Victoria sold for £26,400, while a gold pattern \$4 of 1879 by Charles E. Barber was on target at £20,350. Among the illustrated books an extensive collection of around 20,000 modern bookplates, mostly of continental origin, realised £7,920 and another collection, this time of over 1,900 19th century decorative finishing tools, all with wooden handles end in excellent condition, sold for £7,700, well

below forecast.

result for London, which takes a poor second place to New York in this market.

The top price was the £319,000 paid by dealer Lealle Waddington for "I flute sur la bosse," by Duhuffet. A Scandinavian buyer established an artist's record of £170,500 for Asger Jorn, for a 1964 canvas entitled "Allegretto Furbo." Another record was the £110,000 paid for "Untitled," an abstract of what looks like a monster by Karel Appel.

Other high prices were the £107,800, from Waddington again, for "Lea yeux gris," a 1958 oil by Duhuffet, and £101,200 paid by a Swiss dealer for "Eos IV," a sculpture madc with steel and wood, a rubber belt and an electric motor, hy Jean Tinguely.

Also at Sotheby's a proof set

A Paul Cezanne lithograph of "The Bathers" made £19,800, and three lots each sold for £18,700—a Gauguin, a Gericault, and another Chagall. The French furniture auction at Christie'a totalled £903,650,

with 14 per cent unsold. A pair of Louis XIV tapestries from the set of four depicting the elements, woven to the designs of Charles Audran the Younger at the Royal Tapestry in 1699, sold for £77,000, double the estimate, They represent Jupiter, nr fire and Neptune, or

Perhaps the most interesting An ormolu slx light chande-lot sold at Christie's was the lier of Louis XIV design oldest bottle of Chateau quadrupled its forecast at D'Yquem ever offered by the £60,500.

£4.5m grant to university

To mark their golden wed-non-Western Art Studies, accomding Sir Robert and Lady Sains-modated in the Sainsbury Cen-

two parts: one half will be used upkeep and improvement of the to fund a Sainsbury Unit for Centre.

"What's special about these Danish companies?"

played the score with a strong and passionate commitment. Indeed, the forceful projection of the pianist was perhaps too insistent in the Pfitzner — his Second Piano Trio in F major

Op 8 — though that may well be a reflection of the music's continual turbulence in its outer

movements. Neither of the works is often heard, and the

chance to sample them together in idiomatic, confident perform-ances made a very worthwhile

Quilley to leave "La

Cage"

James Smillie is to take over from Denis Quilley to star opposite George Hearn in La Cage our Folles as from

end to the series.

ABN Bank Copenhagen Branch, Assurander-Societetet, Barclaya Finans A/S, Berlingske Tidende, Bikuben, Boliden, Buch+Deichmann, Danish Steel Works Ltd., Danish Telecom International A/S, Danish Turnkey Deiries Ltd., Dannebrog Shipyard Ltd., A/S De Danske Sukkerfabrikker, Domi A/S, Duracell-Daimon ApS, East Asiatic Co. Ltd. (A/S Det Østasiatiske Kompagni), A/S Elizabeth Arden, Eas-Food, F. L. Smidth & Co. A/S, Forleget Management A/S, Frisko Sol is A/S, Ginge Brand & Elektronik A/S, Gränges Danmark A/S, Grundios International A/S, Haldor Topste A/S, Hellerup Bank A/S, Henriques Bank A/S, Kommunedata, Midtbenk, A/S Niro Atomizer, Norsk Hydro Danmark a.s, Nykredit, Price Waterhouse, Privatbanken A/S, Revisionsfirmaet C. Jespersen, Skandinavisk Tobakskompagni, Statsanstalten for Livsforaltring, The Jutland Technological institute, Aktieselskabet Varde Bank.

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Martin Hoyle

Brighton Beach Memoirs/Aldwych

pity of him and gave him a plano. This last act of kindness sums up the bond that had existed between the twn menaction has hy the Vienna Schubert Trio, who ended their short survey of the German late romantics at the Wigmore Hall on Wednesday hy pairing plano trios by the two composers.

The shadow of the great classical composers falls long over this music. Reger once admitted that he wes striving "to develop the sawle "to view. The very opening bars of the work are soon subsidised and commercial theatre is a consummation devoutly to be wished, and on this page Michael Coveney made a case for Nell Simon the sawle "to develop the work are soon shifting away into strange areas of hermony. And who would have credited Reger with a quirky, mercurial scherzo like they work it is dancing a pas de devoutly to be wished, and on this page Michael Coveney made a case for Nell Simon the leng given the NT treatment when this autoblographical to comedy opened at the Lyttelton last February. Simon's pheno- is menal Broadway success has at its centre, this trio is well when this autoblographical to comedy opened at the Lyttelton last february. Simon's pheno- is menal Broadway success has at the work are soon theatre is a consummation devoutly to be wished, and on this page Michael Coveney made a case for Nell Simon the leng given the NT treatment when this autoblographical to comedy opened at the playing in the Strand. Here world's cruelty to the weak (apparent to varying degrees in most of his wotk). While the American opts for comfortable reassurance. He is aided by the shrugging resilience of Jewish humour, accustomed, after all, to make light of the darkest circumstances; and, it must be admitted, by the dictates of that not yet extinct tyraut. the well-made play. Of course, one reason for the comparative failure of Simon plays in the West End could be that London has enough liter-

This is most apparent in the rickety structure of Beach's second act. In the first half 15-year-old Eugene introduces ns to the family home in 1937. Overworked father, matriachal mother, widowed Aunt Blanche (good theatigal resonances to (good theatrical resonances to these names;) and her daughters. Stage-struck cousin Nora's creamy legs stampede similar reservations in America.
Apart from proficient craftsmanship, both authors share a
feeling for the quirky nearsurrealism of the inadequacies
of everyday speech. (Further
education is praised with the
words, "A diploma is forever.
I know — I never had one.")
Both touch a national indeed
leval chard: one with the way. our hero into puberty; his older brother nearly loses his job; the parents worry about marrying Blanche off and making ends meet. The bousehold is faintly scatty and depicted with affec-

local, chord: one with the wry, throwaway logic of New York Jewish humour, the other with the genteely throttled angst of middle-class English suhurbia. The second act degenerates into a sleekly tailored series of confrontations: neat, pat, slightly contrived. The play is occasionally very funny, but Round the corner from

The National Theatre has Brighton Beach's new home, betrayed by a soft centre after seedy-genteel New York. The crossed the river and gone west Ayckbourn's Woman in Mind is an initial promise of grittiness. show belongs to Steven Mackincomparisons are almost irreleing in the roles of Kate, the Eugene. Owlishly observant,
has a dark side, a thread of misanthropy and a vision of the is tonchingly dumpy and myoing sees new casttosh's skinny and hespectacled Eugene. Owlishly observant,
has a dark side, a thread of As the latter, Dorothy Tutin ing, he thrusts and parries at is tonchingly dumpy and myoing sees new casttosh's skinny and hespectacled Eugene. Owlishly observant,
has a dark side, a thread of As the latter, Dorothy Tutin ing, he thrusts and parries at is tonchingly dumpy and myo-

The West End sees new cast- tosh's skinny and hespectacled plc, despite an accent that life. Carl Toms's splendidly roams. Susan Engel's matriarch evocative interior and Michael is tall, handsome and frankly Rudman's direction make it an too classy; a virtuous Lady Mac-enjoyable experience; but fall beth, not quite in place in to keep it in the memory.



Susan Engel and Dorothy Tutin

Arts Week Continued from Page 16 **Opera and Ballet**

Stantsuper: Salome conducted by Holl-reiser with Dernesch, Jones, Slania; Werther conducted by Davis with Baltsa, Lind, Hensrud-Kerian, Car-rerss; Don Glovanni conducted by Hager with Gruberova, Alexander, Schumann, Prey; Die Walküre con-ducted by Schneider with Reppel, Martin, Hesse. (51 444/28 55).

Volksoper: Polemblut; Hansel and Gretel: Des Land des Lächeins con-ducted by Baner-Theussi; Der Op-ernball conducted by Boncompagni (51 444/28 57).

LONDON

Royal Opera, Covent Garden: Handel's Samson, in the production by Edjah Moshinsky that received a rather unhappy first showing in the Handel centenary year, returns with a fine Handel conductor, Roger Norrington, and cast (Robert Tear, Carol Vanens, Sarah Walker, Gwynne Howell). Further performances of the Zauberflöte revival, with Siegfried Jerusalem as Tamino; final showing of the new Jerufa production, an evening of immense theatrical pow-er in spite of all the exaggerations in Yury Lyubimov's production.

English National Opera, Coliseum: the perennial Fledermans comes back to mark the festive season, this time with Valerie Masterson and Lillian Watson in the cast and Herbert Prikopa as conductor. Also in repertory: Cav and Pag in lan Judge's lively new production, and David Pount-ney's new Carmen staging, conduct-ed by Mark Elder.

Music

NETHERLANDS

totterdam, De Doelen. James Conlon conducting the Rotterdam Philhar-monic, with Yung Uk Kim, violin: Verdi, Bruch, Rachmaninov (Tue to

Verdi, Sruch, Rachmanmov (10e in Thur). (414 29 11). Utrecht, Vredenburg, Hartmut Haenchen conducting the Nether-lands Philharmonic, with the Neth-erlands Opera Choir and soloists: Schubert, Bruckner (Wed). Recital Hall: The Mondrian and Gijsbrecht. Hall: The Mondrian and Gijsbrecht van Aemstel quartets, with Stanley Hoogland, piano, and Marjanne Kweksilber, soprano: Milhand (Wed). Schubert lieder sung by Udo Reinemann, baritone, accompanied by Budolf Jansen (Thur). (31 45 44). Insterdam, Meervaart. The Orlando Quartet: (Wed). (16 73 93).

VIENNA

Concentus Vocalis and Vienna Bach soloists conducted by Ernst Wedam. Bach B minor mass, Musikverein

ORF Symphony Orchestra conducted by Martin Sieghart with Freda McNair, soprano, Wolfgang Schulz, finte, Robert Lehrbaumer, organ. Eder. Konzerthaus (Tue).

Chamber Orchestra of Europe con-ducted by Claudio Abbado with Vik-toria Mullova, violin, Vivaldi, Mo-zart. Konzerthaus (Wed).

BRUSSELS

Painis des Beanx Arts: Jean Paul Rampal, flute and John Steele Ritter, piano. Weber, Schubert (Wed). (512 50 43).

Minee Instrumentale: François Fernandez, violin, Philippe Pierlot, viola da gamba, Pierre Hantai, harpsicord. Couperin, Leclair, Marais (Wed). (511 35 95).

Exhibitions

Ingres and Delacroix - Drawings and Watercolours - Palais des Beaux Arts. Ends Dec 21. Chinese Porcelain - the Transitional Period. Musée Royale d'Art et His-

toire. Ends Dec 14. **NEW YORK**

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed snicide in July 1890. Ends March 22. 1890. Ends March 22.

CHICAGO

Zricago Historical Society: Louis Sul-livan, a seminal figure in American architecture, is celebrated in an exhibit in the city he made architecturally famous with newly made mod-els of his buildings along with draw-ings, sketches and building frag-ments emphasising his use of orna-ment. Ends Dec 31.

Art Institute: The art of Italian Renaissance armourers, with suits em-bossed with Greek and Roman deities and fantastic creatures of the artists imagination, is on display in a special exhibit of French king Henry It's armour borrowed from Hever Castle, Ends Mar 1,

WEST GERMANY

Tübingen, Kunsthalle Philosophen weg 76: Toulouse-Lautrec. A retro-spective of 130 paintings and picture studies by Flenri de Toulouse-Lau-trec (1864-1801). Ends March 15.

bury, the Trustees of the Robert and Lisa Sainsbury Art the University's School of Art Trust, are making a grant of 4.5m to the University of East Anglia.

The grant will be divided into Anglia. hury Centre Endowment Fund,
The grant will he divided into
two parts: one half will be used
upkeep and improvement of the

FINANCIAL TIMES

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Rebuff of the Natal option

white rule. The latest indication of this attitude is the confused response by the Government to a proposal to create a multiracial administration, elected by adult suffrage, for the local government of Natal and the so-called bomeland of Kwazulu. The prime mover behind the proposals for Netal is Chief Mangosothu Buthalezi, leader of the country's 6m Zulns (25 per cent of South Africa's black

cent of South Africa's black population), and chief minister of Kwazulu. Although ba denounces apartheld and bas refused to eccept Pretoria's ver-sion of independence for Kwazulu, he opposes both violence and economic sanctions as ways of ending white rule. Single unit

As far hack as 1980 Chief Buthelezi hegan the groundwork that led this year to a multi-racial "indaba," which met to discuss a constitution for the joint local government of Natal and Kwazulu.

After eight months of dis-cussion, the majority of dele-gates agreed on e two chamber legislature, elected by universal adult franchise, for the administration of Netal and Kwazulu as a single unit. Among the most important provisions are a hill of rights end measures designed to protect the white, Indian and Coloured (mixed race) minorities in the province. an important contribution hreak the political deadlock and towards the creation of a just society in South Africa Tables society in South Africa, Indeed, the South African Government is obliged to take the proposals seriously if its professed commitment to an egalitarian

Blinkered response

According to the South African Ambassador in London, Mr Botha was not speaking for the Government. This disavowal should come from President Botha himself, for the consequences of the spurning of Chief Chief Buthelezi and the proposals could be farreaching. It may lead Chief Buthelezi It may lead Chief Buthelezi to conclude that his hopes for

to conclude that his hopes for a negotiated settlement in South Africa are e pipedream — a stand already taken by the African Netional Congress and the United Democratic Front (UDF), the powerful antiapartheid coalition, both of whom boycotted the Natal indaba. It rules out the Zulu leader's participation in the leader's participation in the National Statutory Council, designed to be the government forum for constitution making. No black leader of substance has agreed to participate, and Government's hlinkered re-sponse so far to the Natal experiment makes it all hut cer-

tain that name will.
The South African Government now appears to have spurned efforts both from ont-President Botha to look sym-pathetically at what Chief Buthelezi is offering. But if he fails to huild on this apportunity society is to be treated as any be should not be surprised if thing other than a sham, his intransigence exacerbates Instead, Mr Stuffel Botha, the South African tragedy.

Misjudgment of Solomon

NICHOLAS RIDLEY, support have intensified this Britain's Environment Secretary, deserves no applause at all for his decision to reshuffle the have been designed to produce rate support grant yet again; conflict. First, the equalisation but he does deserve some system, together with the cuts sympathy. He has taken what and subsidies designed to prosympathy. He has taken what and shostness designed to promounts to a purely political duce discipline (over-spending decision in response to the partly misguided wails nf soma very rich local authorities, and done it by largely immobilising a mechanism designed to produce fairer results; but while it is easy to point out what he has done wrong it is much harder done wrong, it is much harder to define what would have been

Central government cannot escape getting involved with local government for two reasons, both concerned with falrness. First, as lnng as Parliament lays down statutory duties, it has to provide part nf the finance; and since regional disparities in available income are very large, the system has to he partly redistributive to support a nniform standard of services.

These are the two needs served by the block grant system, which is designed to support the cost of services on e scale reflecting local neads

system there are novious practical difficulties in assessing personal matters, fairness is the personal matters, fairness is the enemy of incentive. The equaliaation rules now in force ara ao strong that most councils have no incentive et all to encourage development which would increase their tax base, which would be pooled and since growing resources simply mean lost grant. Since every councils cannot support local extravagance because they have the proposed development of the councils cannot support local extravagance because they have the councils cannot support local extravagance because they have

In the last seven years, Mrs
Thatcher's Government has
made the whola problem far
more compticated by adding
two further objectives; it has
sought to shift part of the hurden from central to local
finances in the name of tax
cutting for rather tay shifting.

logical — the general aim of cutting public spending — and partly to reinforce the very weak discipline exercised by local ratepayers. It is weak because husiness ratepawers, who foot a larga part of the bill, have no significant vote, while the poorer among the solutions. Solution is ratepayers who can vote do not to the examples any change in the cutting public spending — and select sates assessment. Combined with a abede less levelling (which would give some incentive for development, and reflect lower costs in the regions) might help Mr Ridley to be a more convincing while the poorer among the Solution—but only if he stands ratepayers who can vote do not ratepayers who can vote do not up to the grumbles any change pay. Cuts in central government will provoke.

This is fair, but it does mean

to define what would have neen right. He is running a system which poses dilemmas which would test a Solomon, and not even Mr Ridley's warmest admirers would put him quite sum hoks even more exaggerated when measured as a percentage of grant (except in thet rich authorities, where a penny on the rate produces a centage of grant (except in those few authorities so rich that they get no grant in the first place). The result is that every adjustment produces pro-test from the rich shires; that is

Radical plans

However, the struggle has produced much greater evils than an occasional squabble over the grant, nr even the chaos produced in local budgeting hy last-minute changes of heart. It has provoked frustrated ministers into administrative action which have been chale scale reflecting local neads lenged successfully in the courts, so that policy is now haunted by the dread of litigation. It has also pushed some practical difficulties in assessing of the more irresponsible needs and measuring resources, councils into a search for legal and one concealed dilamma of loopholes which would disguise their true spending to escape Whitehall penalties, and pushed

mean lost grant. Since every proposed development offends someone, the net result is that local bureaucracles tend to obstruct development.

More complicated

In the last seven years, Thatcher's Government has made the whola problem for severe depressed ragions,

depressed ragions.

However, reliance on real voting ratepayers, and especially under the regressive community charge, will make future fights den from central to local finances in the name of tax cutting (or rather tax shifting); and it has sought to control what local authorities spend nut of their nwn resources.

The reasons are partly ideological — the general aim of cutting public spending — and cutting public spending — and savesyment. GENERAL MOTORS

Wall Street votes with its feet

By Anatole Kaletsky in New York

US MARKET SHARE



OME THINGS are still unthinkahle, even in the fantasyland that today's Street has become. But of over \$700m to Mr H. Ross Perot by the embattled menage-ment of General Motors, another extraordinary idea has passed from the realm of the impos-sible to the merely implausible. sible to the merely impleusible.

Nobody can yet take seriously the possibility that the world's largest industrial corporation might one day fall victim to a takeover or be dismembered by some corporate raider — but after witnessing the company pay \$700m merely to buy the silence of one persistent critic, intimations of GM's mortality are hecoming harder to disregard.

The depth of disenchantment

The depth of disenchantment with GM's management an Wall Street can be gauged most abviously by the dismay expressed by analysts and investment managements at the decision to buy back the cantakerous Mr Perot's 0.8 per cent shareholding in the company, remnve him from the board — and, most hizarre of all, require him to sign a legal undertaking not to engage in further public criticisms of GM pulicy.

There is, however, a mare chiective indicetur of GM's unpopularity an Wall Street—the compeny's share price per-The depth of disenchantment

compeny's share price per-

Despite the trumpeted \$4bn profits achieved in 1984 and 1985—GM's shares have lenguished between \$55 and \$85 for nearly five years now. For anyone unfortunata enough to when Wall Street as a whole has more than doubled and the share price of Ford, the second largest US car maker, has risen almost threefold. How bas the world's largest

car maker some to such a The recent collapse in GM's reputation is easy enough to understand. The huy-ont of Mr Perot was only the last link in e chain of highly publicised embarrasaments. A steady attrition in the company's mar-ket share, combined with perennially aver-optimistic production schedules and the poor public reception of several new models earlier this year forced GM into an unprecedented hinge of cutprice financing and rebates. The desperate hid to clear stocks in October worked, but only at the

nological and manageral sho piece which was to embody the futuristic epproaches to car design, industrial relations and manufacturing processes in-tended to guarantee GM's prosperity into the 21st cen-

tury. Against e hackground like this Mr Perot's increasingly vociferous attacks on the company's indecisive management style, its over-padded cost structure and its board-room complacency, were bound to rattle the directors and strike a resonant chord with sharebulders.

Yet in reality, it is by n means clear that Mr Perot or GM's many other critics bave an effective prescription for the company's malaise. For almost all the changes Mi

Perot was demanding im-proved communication with dealers, customers and workers, more streamlined end decentralised decisionmaking, a mare selective and cost-conscious attitude to new investment were very much in line with GM's nwn official policies since Mr Roger Smith took over as chairman in January 1981. One of his early actions, Mr Smith says, was to address a normally festive meeting of GM's top 1,000 managers with the words: "For Crissakes, when you leave here you hetter gn home and tell the people we're np to our ass in trouble and we've got to start doing

things differently. He may not have put these sentiments into action with anyone unfortunata enough to buy GM in 1966, when the stock price peaked at nearly \$114, to-day's level of \$71 represents e capitel loss of mure than 33 per cent. And this is over e period when Wall Street as a whole his credit a number of con-siderable reforms.

Under Mr Smith, GM invested heavily in modernisation— spending some \$40bn, including depreciation, nn new equipment in the last five years and buying in technological know-how with the acquisitions of EDS (Mr Perot's company) and Hinghes

He attempted to ginger up production management and industrial relations throughout his empire by launching two the high-technology Saturn com-pact car plan and the new United Motor Manufacturing Inc (Nummi) joint venture with Toyota, which produces the subcompact Nova model. on autor Most controversially of all for sitions.

the GM hierarchy, Mr Smith October worked, but only at the cost if a horrific third-quarter abolished the independent fields which managed separately each of the US group's five company announced a wave if plant closures and redundancies and Cadillac — and reorganised designed to cut capacity by soma 10 per cent. Even more humiliatingly, Mr Smith announced two weeks later than he was scaling down tha much-vaunted Saturn project, a tech-

handle the larger models. Soon much more heavily committed afterwards, he announced plans to cut the group's ever and defending its market share afterwards, he announced plans to cut the group's everproliferating model range from against all-comers, at a time 200 tn 136 and to reduce by a when Furd and Chrysler have unarter the 130,000-strong nutched up record profits, despite declining volumes, by structure.

It can be argued — and it has been by GM's Wall Street critics —that GM has spent too heavily on automation and hi-tech acqui-Apart from the actual capital

to the bone.

labour reletions.

"Brains and wit will beat capital 10 times out of 10," says Mr Perot. The example most aften cited is the relatively lownften cited is the relatively low-tech Nummi jinist venture with Toyota, where strikes are un-heard of, workers operate an the Jepanese team system and issue would remain to haunt productivity is almost double GM's future, Can GM design, that of the average GM fac-

tory, while the reliability of tha modest Novas is the highest in the company's whole model

Such examples do not in such examples do not in themselves justify the short-sighted view of some Wall Streat pundits that the com-pany would have done better to pay out its recent record profits in dividends, instead of spending its money on eutoma-

However, the questionable effectiveness of GM's investment hinge does, perhaps, point to the heart of the company's dilemmas. GM's present problems are a mirror-image of its former glories.

Unlike Ford and Chrysler, Unlike Ford and Chrysler, GM was strong enough to stand and fight against the hordes of foreign invaders which swept into the US car market from the mid-1970s onwards. Although the recent loss of market share—from 46 per cent in 1980 to 42 per cent ao far this year—is widely regarded as the most damning evidence of GM's failures, a longer time horizon shows that the company has, in fact, defended its market share fact, defended its market share more auccessfully than any of its competitors. It has lost 2 mere 3 per cent of the US car market since 1971, against Ford's loss of 5.5 per cent.

GM's determination—and its financial ahility—to protect its market position by "huying market share" through credit subsidies and price cutting has heen the major cause of its dis-appointing profits performance in the past two years. This stand-and-fight mentality also explains the company's garganthan investment programme, which stands on the assumption that GM will go on building indefinitely et least two out of every five cars sold in the US.

the world — has proved an arganisational impediment. The A related criticism, raised fact that Chevrolet dealers with devastating effect by Mr Perot, was that the preoccupation with mechanisation distracted attention from far more important issues like better marketing, product design and labour veletions.

In a product dealers and oldsmobile seen whether GM can learn to be sumers want to hurid the cars and oldsmobile sumers want to hurid the cars that GM wants to build.

None of these problems

appears insoluble, given suffi-cient dynamism in GM's boardroom,



Roger Smith

want?

Both in its model mix and in lta individual car designs,

GM appears to have lost touch with history and the desires of the American driver. Far more than any other manufacturer, it has tied its corporate destiny to the traditional American car — the lumbering, over-sized heavily-padded eight-cylinder dynosaurs which were always GM's glory, but which have been threatened not only by higher oil prices end congestinn on the roads, but even more importantly by the changing taste of the American public. Large and American public. Large and intermediate cars account for 63 per cent of GMa nutput. against 49 per cent at Chrysler, according to Salomon Brothers. In spite of the fact that the merket for large cars enjoyed a brief registal two warrs and a hrief revival two years ego, it is the large cars which have caused the greatest problems recently with excessive inventories and confronted GM with the bitter choice between instituting costly clearance sales or tolerating a decline in

market share. To make matters worse, the models which GM has produced in each size category have failed to capture the public's imagination. In the luxury cars, Cadillac has lost ground cars, Cadillac has lost ground to the glamorous and technically sophisticated European manufacturers; in the middle of the market Ford's Taurus, based on the European Sierra, has swept all GM's cars hefure it. While at the cheap end of the market only the Toyota-designed Nova has held it. designed Nova has held its nwn against cheap and reliable competitors from Japan and

ich stands m.

at GM will go on

Adefinitely et least two out
every five cars sold in the US.

Similarly, GM'a very size and
power nhviated some of the
other painful measures which
have aliced hoth fat and flesh
ant of the other big US car
makers. Most obviously GM has
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abour force the kind of
competition, but also behind the
company's own successful Euro
an models.

The lief that what is
adefinitely et least two out
respond
demands of the
GM'a notoriously cumbers
decision-making structure seems
to have done the greatest
damage. Design changes are
still notoriously slow and in
their styling and perfurmance
GM's US cars continue to lag
not only behind the fureign
competition, but also behind the
company's own successful Euroan models.

The old belief that what is good for General Motors is good for America still dies hard in

Despite the setbacks of the last few months, GM manage-ment still seems to have the patience in wait for its designers, engineers and warkers to come up with products that can stand up prafitably against the competition. But whether GM's shareholders will show the same perseverance is now an open question.

Beltway bloodletting

There is, believe it nr not, e lighter side tn the Iren arms scandal which has shaken President Reagan and his Administration. A local radio station in Washington is now running a contest for tha best catch-all phrase to describe the

Among the names proposed hy listeners are Northgate (after the sacked White House aide, Lt Col Oliver North), Iranscam (after the Abscam scandal), Contradeception (e play on the Contra connection in the arms deals) and Gippergate (e plsy on Reagan's nick-name of the "Gipper" end Watergate).

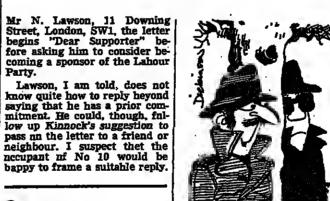
Reagan, himself, has intro-duced new languaga in capture the essence of the scandal. Rounding on the press for its shark-like hehaviour, he desshark-like hehaviour, he des-cribed it as "Beltway hlood-letting." For those unfamiliar with Washington's highways, the Beltway is the road run-ning eround the capital. Hence, matters which preoccupy merely the press and Congress are called "Beltway issues." The new phrase now seems to be a catch-all for attacks on the President. the President.

My favourite phrasa was coined by a local TV critic whn said that the arms scandal could be Reagan's "Gipperdammerung."

Labour in valn

I know the Labour Party is taking its fund-raising seriously these days, with profits from salea of tastefully-designed hip flasks, stationery and teddy bears supplementing more tra-ditional contributions from tha

But I fear that the enthusiesm of the new publicity supremos in Walworth Roed has now got out of band. A letter from Neil Kinnock asking the recipient to support Labour's election campaign has just landed on tha doormat nf the Chancellor nf the Exchequer. Addressed to



Men and Matters

Sewn up

Party.

A tired hut elated Geoffrey Maddrell edmitted yesterday that he hardly remembered what home was like.

what home was like.

Last week tha Tootal chief executive spent two days sbowing a party of visitors round bis new £7m dyehouse outside Glasgow. Then he was off to Chattanooga, in the Carolinas, to put the finishing touches to a daal with Standard-Coosa-Tbatcher that makes the Mancbesterbased group the largest producer nf industrial threads in the US.

Back in London for talks with advisera Morgan Grenfell, he was just in time to he eble to make an 8 am announcement to the Stock Exchange yesterday.

"It's a marvellous deal" ba says. "Tha US was something of a weakness for us. Now we are right out there in front. The right out there in front. The peopla involvad were super. They really burned tha lights all night during this week. Wa bad to get the deal sewn np this waek because yesterday morning was the last day, for technical reasons, we could go to tha government broker this year. And the Americans wanted it completed before tha end of the year for tax reasons.



"Actually I'm not MI5 old boy —I'm a publisher"

day in order to go to the stock exchange in London at 8 am. Their lawyers came through with the deal just a couple of

with the deal just a couple of minutes before the deadline."

The bustle completes a hectic year for Maddrell. He joined Tootal from Bowates in February, and since then has brought Clover Leaf, Sandhurst Markating, and now SCT into the Tootal group.

For the moment, be admits, the takeover trail bas come to an end. "Now we've got to make these deals work. We've got to show results in next year's figures."

Back room boys

Business writer Carol Kennedy decided thet the best way to write a new history of ICI was to pick up her reporter's note-book and get on the road.

stories of the great inventions and discoveries that have come out of the ICI laboratories since the 1930s by tracking down many of the men who worked on them, and are now in wellearned retirement.

Her book. ICI-The Company That Changed Our Lives, published yesterday by Hutchinson at £12.95, is e strongly independent view of ICFs scientific achievements. Nonetheless, its publication is neatly timed to coincide with the group's coincide with the group's diamond jubilee, and chairman Sir John Harvey-Jones was at the London launching party to give it his blessing.

Her subjects read like a roll-call of British industrial and scientific achievement: Sir Michael Perrin and Sir Peter Allen, who were closely associa-ted with the development of polythene; Dr Charles Suckling who invented Halothene, a new type of anaesthetic still widely used; Professor Sir James Black who discovered a new way of treating heart conditions; Dr William Boon who invented paraquat a new type of weedkiller thet became known as the "chemical plough"; and Rex Whirfield who invented Terylene while at Calico Printers' Association and saw it deve-

Association and saw it developed by ICI.

The youngest of Rennedy's heroes still living is now in his late 50s, and the oldest are in late 50s, and the oldest are in their 80s. They did not get royalties on thair work as staffmen—and apparently preferred things to ha mrganised that way. Had they done so, many of them would be multimillionaires today.

Health warning Our Beirut correspondent, on a

Our Bearts correspondent, on a recent visit to the US, decided the time had come to buy a bullet-proof vest before returning to the Lebanon.

Opening the package contain-

ing the rather smart slim-fitting, flak jacket, she was disconcerted by a little red label on the back which carried the warning: "Second Chance."

Observer



POLITICS TODAY

The spy case that never ends

By Malcolm Rutherford

DR DAVID OWEN, the leader The letter made no mention of the Social Democratic Party, and perhaps, because Lord was probably right when he Rothschild is bound by the Offisaid in the House of Commons cial Secrets Act, could make no on Wednesday that the British mention of the widespread sugphble is enjoying the spy-book gestions that it was he who case in Australia. It is such a brought Mr Pincher and Mr good story that only e duliard could resist its fascination, Noone can tell what will happen

One of the most remarkable facets is the capacity of the British Government, just when it seems to have been unborsed, to ride again. Indeed it now seems possible that the Gov-ernment will emerge with some credit for determination, even if eventually it loses the case. Its electoral standing may be unimpaired, perhaps enhanced.

Only two realms of great danger remain. The first is the danger remain. The first is the charge of incompetence. This relates, in particular, to the role, or possibly the non-role, of Sir Michael Havers, the Attorney-General. There is a grey area here of some size. It really is extraordinary that Sir Robert Armstrong, the Cabinet Secretary, should have had to retract his statement in the Australian court that the decision not to move against Mr Chapman Pincher's book, Their Trade is Treachery, in 1981 was taken on Sir Michael'e advice. Sir Robert, to put it mildly, was carelessly briefed.

That is not all. If action had been taken against Mr Pincher's book in the knowledge that Mr Peter Wright, the former member of the Security Service, was a principal source, it is likely that none of the present drama would be taking place.

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that none of the present drama would be taking place. Action might also have been taken against the Granada television against the Granada television programme, prominently featuring Mr Wright, which was shown in 1984 and repeated on Wednesday. It was not. Thus it seems that the British Government was exceedingly slow to put its act together and in despring of some of the ridicular

put its act together and is de-serving of some of the ridicule heing heaped upon it.

The other possible danger to the Government is that some-thing very nasty could come out of Lord Rothschild's apparent involvement in the affair. After a period of silence, Lord Roths-child had a letter in the Delly a period of silence, Lord Rolls-child had a letter in the Daily Telegraph yesterday, appealing to the Director-General of M15 for a public statement that the agency has "unequivocal evi-dence" that he (Rothschild) is not and has never been a Soviet

brought Mr Pincher and Mr Wright together in the first place to produce Their Trade is Treachery and paid Mr Wright's return fare from Australia, It is very odd that the suggestions go on being repeated without being denied. If they are proved to be true, Lord Rothschild will have some explaining to do, And if the explaining to do. And if the British Government were found

to it, the consequences would of course be quite devastating. There is also, when read carefully, something odd about Mr Pincher's book. It has won its reputation for alleging that Sir Roger Hollis, the now deceased head of MI5, was a Soviet spy. In fact, the claim is never made outrient and there are some In fact, the claim is never made outright and there are some passages which can be read as showing that Sir Roger behaved perfectly correctly. Anyone who warched Mr Wright in the repeat of the Granada TV programme may have further wondered whether even be made anything like a cast-iron case against Sir Roger.

It is worth remembering that

in any way to have put him up

against Sir Roger.

It is worth remembering that Mr Roy Jenkins, who was Home Secretary at the time of the inquiry into Hollis, believed—and believes—that there is a strong probability of his innocence. The sama view is taken by Mrs Thatcher. Neither Mr Jenkins nor the Prime Minister. Jenkins nor the Prime Minister has a vested interest in a cover-np. If they thought that he was guilty, they would lose nothing

So it is hard not to conclude that someone wanted to keep the Hollis story going, possibly because it is such a good tale, perhaps to keep the fire from other suspects and—in the case of Mr Wright—to vindicate his conviction, as the investigating officer, that Sir Roger was a officer, that Sir Roger was a

Enough of speculation, however. The real issue, as I wrote last week, is very simple. It is that the principle of lifelong confidentiality among members of the Security and Secret Services must be upheld. The Government had no choice but to dight the case, even if it



Lord Rothschild: an appeal to MIS

in the witness box, he turns out therefore secret, not have signed some sort of The only was contract of service committing himself to the confidentiality that he now renounces. That alone should be sufficient to alone should be sufficient to settle the matter against him in a British court. If it is judged to be an inadequate reason in Australia, the British Government will still have shown how far it is prepared to fight, and one would not rule out further court action against Mr Wright.

The interesting question is how it is all going down at home. In spite of the incompetence and the elements of farce, it seems to me that the Government is not doing too badly. For if you set the entertainment value to one side The Government had no choice and sak people seriously: "Do different we need a security service?" one of the losses in the end.

It has far from lost yet. It it is "Yes," then it follows we stance, if when Mr Wright is the service must be secure and down to

accounts. If a small company owes me money, I would telephone the gaffer and within a minute or two I would know if the hold-up was due to poor quality, non-delivery, etc., or just plain cash flow problems. With a large plc I would be put through to a purchase ledger clerk who would not even know if the goods had arrived, and who would tell me that he cannot possibly pay the

that he cannot possibly pay the account without all the relevant

documents. His superior will undonbtedly be in a meeting

and the goods received depart-ment will be on a different

number, or at a separate com

pany. Letters go unanswered

of course.

Typically, the small company is caught between e large customer on tha one hand which cynically withholds payment for 90 days, and on the other the large supplier who withholds supplies if his eccount is more than 10 days overdue. The small company sets mail events.

small company gets paid eventu-ally, of course, and remains profitable. But his cash flow is up the Swanes.

There is no doubt that most small companies could improve their credit control procedures, but what is scandalous is that they should not be paid on time after supplying goods in around-

after supplying goods in accordance with an order, issuing an invoice and supplying a state-

Kelvin Way, West Bromwich, West Midlands.

Sir,—I can well understand the anxiety expressed by Mr T. Woosey (November 26) concern-

ing BTR's bid for Pilkingtons-

it is a perfectly natural response of a loyal employee and caring

As a long-serving employee

and have seen the development

supports many local charities

league and a citizen

It sponsors a local football H. R. Wynne-Griffith,

BTR's bid for

Pilkington

From Sylvia Brown

The only way of avoiding going down that logical path is to say that we do not need a security service in the first place, and no one in the House of Commons debate on Wednes-day was prepared to argue that. Indeed, it may even be easier to make the case for a security to make the case for a security service today than it was (say) a decade ago. It is not as if everyone believes that MIS is in business only to protect nuclear secrets and to snoop on students who may lean towards the Campaign for Nuclear Disarmament. There is a degree of terroriem in our section was terrorism in our society, much of it imported from abroad, which there used not to be. Whether it comes from Ireland or the Middle East makes no difference. A security service is one of the means of combating

it, sometimes even of pre-emptthe question comes

be run and bow it should be necessary or desirable. But it supervised. That was the does not ettempt to provide a serious part of Wednesday's continuous monitoring of the

Dr Owen made the old case for a Parliamentary Select Committee in new form. It would include Members of both Houses: Commons and Lords. There would be former members of the armed forces, some of whom already sit in the Lords. All would have to be Privy Councillors (people under a special oath of secrety and allegiance), but it would be possible for suitable candidates to be made Privy Councillors in order to serve on the Committee. The chairman would be someone not, or no longer, in the front line of party politics: perhaps a former Prime Minister.

It is an intriguing idea and shows how serious and patriotic Dr Owen can be. In this be has differentiated himself from the differentiated himself from the Labour Party which has tended to concentrate on the Wright affair rather than the general principle of how to manage a security service. Yet it would not, I think, work, for the reasons given by Mr Douglas Hurd, the Home Secretary.

These are, broadly, that there has to be an inside and an outside. "There is bound to he a harrier of secrecy," he said,
"between the Security Service
and the general public . . . A
review body has to be on one
side of that barrier or another.
If it is inside, it can certainly robe and monitor . . . but then cannot communicate its findings convincingly to those who remain outside. If, on the other hand, the review body is outside the barrier looking in, then of course it will have great diffi-culty in satisfying itself that it is able to carry out its task because it will not have access to the material which most people would judge to be neces-sary if it was to carry out that task successfully."

That was the main thrust of the Home Secretary's argument. It did not go down especially well as a speech, but it is quite difficult to reject the Hurd thinking outright.

My own view is that the role of the Security Commission should be strengthened. This is an ad hoc body that has been in existence for over 20 years and which can investigate and report upon eny failures in Thus the question comes security arrangements and down to how the service should advise whether changes are

Security Service. Perhaps it should be encouraged to do a little more of that. Meanwhile we should come beck to the matter, as Mr Hurd has pro-mised, after the haat of the Wright affair bas died down. It is thoroughly bealthy that the

There is obviously drama still in store. Mrs Thateher repeated four times at Question Time yesterday that Lord Rothschild's letter to the Telegraph was "being considered in government," but would say no more Look that would say no more, I took that would say no more, I took that as a sign of prudence rather than suspicion, a desire to examine all the relevant facts before issuing tha public statement that Lord Rothschild is seeking, Indeed, it would have been amazing if he had heen able to secure such a statement within a few bours. statement within a few hours of his letter being published

subject has been aired.

There is also still a great deal of fun. No one who heard Mr Jenkins's speech in Wednesday's dehate will ever forget it. On Mrs Thatcher, for example: "Do not get too close to this Prime Minister. She is an upas-tree." (Mr Jenkins has an unmistable way of pronouncing upas.) way of pronouncing upas.) "The branebes may be splendid, but contact may be deadly." Or on a former Prime Minister, Lord Wilson,

But, in thesa matters, one cen never be sure.

Prime Minister, Lord Wilson, "with his too persistent record of maintaining Britain's imperial commitments across the world, his over-loyal lientenancy to Lyndon Johnson, his fervent royalism, his light ideological luggage." How could anyone, he asked, not themselves unhinged, possibly have thought that such a man was a communist agent? Finally on the Attorney-General who has twice felt con-

strained to blow a whistle, once during the Westland affair and again during the Wright case "When he has done so, on both occasions everybody has stood transfixed, as though the last trump has been sounded in some allegorical painting by Blake and, for the moment, stopped doing the apparently dreadful things that they had been doing

Lombard

First points to Pilkington

By Christopher Lorenz

widgets. It develops it to the widget, or process for making point of commercialisation. How should it then exploit the innovation: license it out to companies abroad, or try to conquer the world on its own?

The dilemme is e classic one which innovative companies have had to confront ever since the early days of the Industrial Revolution. The correct course of ection depends on a wide ranga of considerations, notably tha financial and marketing muscle of the company at home and abroad, and its political strength vis-a-vis international competitors.

When, 25 years ago, Pilking-ton Brothers reached the point of decision over its now famous "float" process of making glass, it opted mainly for licensing, though it also steadily built up its own float plants in avail-able foreign markets, such as Canada, Australia and Sweden. Its strategy of licensing to much of the world — notably the US, Japan and Continental Europe — has brought it over \$400m of royalties since the early 1980s, and hes helped it finance its own expansion in the UK and elsewhere.

But BTR, the British conglo-merate which is now mounting a hostile takeover bid for Pil-kington, alleges that licensing was a miatake.

BTR's criticism is irrelevant to its bid; the current management was not in charge when the decision was made. It is also wrong.

Over the past decada and more, Pilkington has steadily turned itself into the world's largest glassmaker. But at the time the licensing decision was taken it was a second-league player, very much smaller than the two American and European majors in the field. To have declared war on all of them, plus the world's other glassmakers, would have been downright suicidal on political grounds alone. For one thing, Pilkington would have been frozen out of the then collegial world glass industry, and would never have been offered the

A COMPANY in one corner of have been on the right terms tha globe invents a remarkable with America's number two, widgets. It develops it to the Libbey-Owens-Ford, to be able to buy out its glass division earlier this year.

On commercial and financial grounds, too, a refusal to license would have been more than stupid. A "go-it-alone" policy would have meant the construction of a monumentally expensive network of manufacturing plants and distribution channels all round the world - a task thet, even today, is beyond all but the largest multinationals, and sometimes even them.

Pilkington would either have bankrupted itself in the pro-cess, or would have taken too ong and therefore been subject to the compulsory licensing or anti-trust procedures which countries can apply to patent-holders who fail to "work" their technology themselves, or to license them voluntarily.

A salutary example of the "go-lt-alone" school was pro-vided only a few years ago by EMI, inventor of the com-puterised tomography (CT) scamer, whose mismanagement belied and EMI's independent

helped end EMI's independent existence; after an ignominious takeover, it is now part of Thorn-EMI. EMI's early success in scan

ners was foreshortened by a whole raft of mistakes. As thousands of business school students have since been taught, students have since been taught, one was to take on the US market single-handed, in a full frontal attack on the giants of the X-ray industry, notably US General Electric. Their response, in the form of competitive products which evaded EMT's patents, was vicious and devastatingly fast.

Sometimes, as in pharmaceu—

Sometimes, as in pharmaceuticals, past licensing to powerful competitors, especially in the US, does now appear misguided. But this is with hindsight; at the time such deals were made, the European innovator usually lacked the necessary distribution system in the countries in

question. Since glass, unlike pharmaceuticals, cannot be flown across the world in jumbo jets, Pilkington needed that, and e network of local factories besides. It had neither. Things would be very different if it invented float today. But history besides it opportunity it was given six years ago to break into the tough West German market by buying the local leader, Flachglas. Nor, probably, would it would it would be very different if it invented float today. But history is history. Disinterring it, as BTR may find, can harm one's credibility. tory is history. Disinterring it,

Why Europe needs Hotol

From Mr P. McClory

Sir, — Peter Marsh (November 28) puts forward the argument that because British Rail failed to develop a new tilt mechanism for trains, therefore it is "Boys Own" fantasy to suppose that Britain could successfully develop Hotol without the intermediate step of first developing the Frenchsponsored Hermes Euro-shuttle.

Apart from the inexplicable thought process that could conjure up such a connection, it is sad that such articles are still written by respected opinion-formers in Britain. Mr Marsh displays an ignorance about the implications for Europe of following his sug-gested course that is breathtak-

If Britain does not lead the development of Hotol now, it would be hest to forget the pro-ject entirely and concentrate on opening yet more pizza and hamburger outlets! Mr Marsh gives tha impression that a similar project to Hotol is also being "studied" in the US. Nothing could be further from

the truth.

Over the past year I have had Over the past year I have had the privilage of visiting the Pratt & Whitney design centre in West Palm Beach and, from conversations there along with what I have read in US periodicals, the position of the US aerospace plane project is as follows. In April this year the national aerospace plane program (funded by Nasa and the US Dept of Defense) awarded contracts worth \$450m to some of America'a largest aerospace of America's largest aerospace contractors to develop the nation's first hypersonic plane. Designated the X-30, it will be about the size of a DC-9 and is expected to reach speeds of 18,000 mph, enough to take it into orbit around the earth. The X-30 is actually expected to fly by 1993 — seven years from now. So much for

"studies"!

New air-breathing engines will carry the X-30 (which, like Hotel, will take off and land from normal runways) to 200,000 feet and then conventional rocket engines will take the conventional rocket engines will take the aerospace plane into orbit. To achieve this goal numerous technology companies across America are working fiat out to develop new materials; airframes and propulsion systems. It is envisaged that when fully operational the X-30 will be able to place payloads in orbit at a tenth of the cost of the present shuttle programme.

If the X-30 proves what its designers bope for, the next hypersonic plane to be developed will be the so-called "Orient Express." These will be the so-called ton has a logical contradiction, he had been forelisted as a logical contradiction. be hydrogen-fuelled civil airliners crossing the earth at speeds of nn to 10,000 mph and carrying 500 passengers. The

Letters to the Editor

For Europe to become (let alone remain) a serious participant in the space business during the remainder of this century is has to develop its aerospace industries along similar lines. America is developing the X-30 for one reason — to deliver payloads in space with case and comony. In Europe the only project we have that could deliver the same objectives is Hotol.

If we now develop Hermes (which itself involves the hideously expensive transform-ation of the Ariane 5 to take men and women aloft) at a time when the end of the present when the end of the present American rbuttle programme is in sight, we shall be achiaving nothing but building up the French aerospace industry at the expense of a truly European opportunity to create a world-class space industry which will be competitive well into the flat contury. into the 21st century.

Anybody elsa out there for Hotol?

Panl G. McClory. Abbeywest Securities, 39, Bennerly Rd, SW11.

Controlling

credit From the Financial Director, Jensen Cars

Sir,—As financial director of a small private company, with some practical experience of credit control, may I add to the debate on late payments?

It has been said that small companies do not set realistic credit limits, that their terms of business are not adequate and that they do not monitor and control outstanding accounts effectively.

The credit limit of a blue-chip ple is likely to exceed the entire turnover of most small companies. Terms of business are only relevant if you are pre-pared to sue on them, and for most small companies this would simply lose them business, not to mention delaying

payment still further.

The implication in the suggestion that small companies should seek to control their outstanding accounts is thet they should refuse to supply an however. To decline the order from a large plc will simply result in losing the business, so the only reason to refuse Orient Express will travel from the order is to evoid incurring New York to London in one a bad debt, but when there is hour and from London to Syd- no chance of the customer going

month sward aimed at recog-nising outstanding civic contri-bution. The company has excel-lent links with local schools encourages open day visits, and supports career conventions. The company also takes an active role in the local Chamber of Commerce. We have a thriving sports and social club pro-viding excellent facilities for employees and local residents, and a very active retirement out of business the only sensible decision is to fulfil the order. There are practical difficulassociation. ties in monitoring outstanding accounts. If a small company

experience of BTR's attitude towards its employees. When I suffered a stroke some years ago I was given every encouragement through my illness and on return to work the company provided me with all necessary facilities to perform my job, including the incentive of extra responsibilities. Sylvia Brown.

2 Watery La Scropton, Derbyshire.

Chaos in pensions

From Mr H. Wynne-Griffith Sir,—Pension mortgages are marketing gimmick introduced by insurance companies to pro-mote the sale of pensions pro-ducts. If pension fund contri-butions are directed into the repayment of mortgages, then at the point of retirement there may well be a house, but there will be very little pension—yon cannot have your cake and eat it. The suggestion in Eric Short's article (November 28) that personal pensions may be mortgaged in the same way to purchase a house, suggests that the Government is now prepared to allow employees to buy houses instead of taking State pensions. This surely cannot have been the intention. Furthermore, it creates a significant incentive for employees to come out of their company pension schema simply

to take out a pensions mortgage. The Inland Revenue will not currently permit a company pension scheme to lend money to an individual member for house purchase. I find it very disappointing indeed that the opportunities presented to the Government

to create come form of order out of the chaos which currently exists—and the even greater chaos that is to exist in future -bave been totally ignored.
What is even more disturbing citizen to a situation which is is that I get the distinct impression that the reason these oppor-tunities are ignored is nothing of BTR Silvertown, however, I can assure Mr Woosey that he to do with politics, it is simply bas nothing at all to fear. I that those in power—be they have worked et BTR Silvertown politicians or civil servants—do politicians or civil servants—do not understand the implications at Burton-on-Trent for 13 years of some of the decisions that of the BTR Group under Sir they make. Despite all the Owen Green's leadership. The protestations of professional protestations of professional experts the politicians continue company in Burton currently ranging from the Mayor'e weter, creeting greater and greeter waves to the ultimate detriment of all. appeal, local hospice and Dr Barnado's to mention just a few.

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THISTLE HOTELS

FINANCIAL TIMES

Friday December 5 1986



THATCHER RESISTS CALLS TO CLEAR LORD ROTHSCHILD OF ESPIONAGE CLAIM

New twist in British spy drama

BY MICHAEL CASSELL IN LONDON

terday resisted calls from both sides of the House of Commons to clear Lord Rothschild, the former head of the Downing Street Think Tank," of allegations that he had

been a Soviet agent.

Mrs Margaret Thatcher told MPs that she had seen the letter from Lord Rothschild, published in yes-terday's Daily Telegraph newspa-per, in which he referred to inven-does in the press and called for his es in the press and called for his name to be cleared. She said it was being considered in government but she could say nothing further "at

Her response brought immediate condemnation from opposition MPs. Mr Roy Hattersley Labour's deputy leader repeatedly chal-lenged the Prime Minister to make

THE BRITISH Prime Minister yes- Rothschild, of ever having been e vative backbenchers already joinspy. He claimed her failure to do so would cause personal anguish for Lord Rothschild, and damage to the British security services.

It was not clear last night how long Mrs Thatcher intends to maintain her silence. She is almost certainly already in possession of an "MI5 dossier" on Lord Rothschild upon which she could base n statement. But there is clear ministerial concern that a decision to say any-thing could make it more difficult for the premier to maintain her steadfast refusal to comment nn any aspect of the current spy book court proceedings in Australia. One senior minister last night im-

plied that the Government might not feel able to make any move to clear Lord Rothschild, until the ing in calls for Lord Roths reputation to be cleared, the Prime Minister faces mounting pressure to act without delay.

Later Mr Hattersley said he was astonished that Mrs Thatcher had not cleared Lord Rothschild, and claimed she had e duty to return to the House and make a very early statement. He pointed out that in 1981 she had established n precedent by stating that charges of spy-ing levelled at Sir Roger Hollis, the former head of MI5, were not prov-

In a reference to the 1981 decision not to prevent publication of n book on the security services by Mr Chapman Pincher, Mr Hattersley claimed the Prime Minister had nience." She could not leave Lord Rothschild in an invidious position so as to protect herself from answering awkward questions about the Australian court case, he

The opposition also claimed yes terday that Mrs Thatcher had re treated over threats to deprive Mr Neil Kinnock, the Labour Party leader, currently in the US, of access to security information in reprisal for making contact with Australian lawyers opposing the

The British Government yester-day won leave to appeal against the New South Wales Supreme Court's decision to hand edited papers over to lawyers representing Mr Peter Wright, a former MI5 officer.

Maputo to seek help in fight against 'bandits'

MOZAMBIQUE will continue to with South Africa but will draw on military and other support from both East and West and the nonaligned world to step up the fight against "armed bandits," President Joaquim Chissano declared yester

Addressing the first international press conference since his election last month as successor to President Samora Machel, killed in an air crash on South African soil in October, Mr Chissano offered South Africa "peace and good neighbourli-ness" but added that Mozambique was not prepared to concede either

its sovereignty or independence.

He hinted at wide-ranging economic reforms to be introduced in coming months which would concentrate on raising agricultural pro-

This, he said, would be an essential part of a co-ordinated political, economic, diplomatic as well as mil-itary offensive against "armed ban-dits" of the Mozambican National Resistance (MNR).

He confirmed that the MNR was active in all 10 provinces and that the situation was particularly bad in Zambezia province bordering

He called on Malawi to "get off the fence" and participate in the struggle to get rid of armed bandits, not by offering military assistance like Zimbabwe and other non-aligned countries but by preventing its soil being used as a springboard

He repeated accusations that South Africa was continuing to sup-ply and assist the MNR with helicopters, airdrops and other means but otherwise maintained a firm but conciliatory line towards South

He reaffirmed Mozambique's "moral, political and diplomatic sup-port for the African National Congress (ANC) but refuted South African claims that it harboured ANC

guerrilla units.

Mozambique would honour the
Nkomati Accord and not allow the ANC to use its territory for violent actions against South Africa. But, he added, it was not Mozambique but apartheid which lay at the root Mr Chissano thanked the inter

national community for the sympa thy which Mozambique had re ceived after Mr Machel's death and noted that Western countries also now "agreed on the need to help Mozambiquze militarily as well as economically." He added: "We hope to see the results of this help from East and West as well as the non-aligned countries within n short

White House spokesman resigns

Democratic majority in the US Se-nate following last month's mid term elections.

Senior congressional leaders

Revelations about the arms sales to Iran and the US Government's confinued to surface in the US press yesterday.

According to the New York Times, the same aircraft and crews that were contracted by the State Department to carry non-lethal humitarian aid to the Contras were used at other times to supply them

Quoting people who allegedly took part in the covert operations, the New York Times said aircraft which took the non-lethal supplies from the US to Honduras and El Sakisday were unloaded in those

The Central Intelligence Agency issued a rare public denial of news arms sales profits through a Swiss bank account also used for funnell

THE LEX COLUMN

A container for **Euroferries**

Hanson Trust

Yesterday's press release from Hanson Trust did not actually an-

nounce a new takeover. But the message with the preliminary re-

sults was clear, although it is in the

middle of a little \$200m deal, Han-

son is ready for another big nne. The talk about cash of £3.56bn and

the exciting opportunities that cash

opens up are reminiscent of last

year, when the Imperial bid came

In fact the cash figure is some-

what spurious, net of borrowings

and calling the convertible debt, cash is about £400m. But gearing up

on shareholder's fund of £1.59bn, or

even £2.66hn if the convertible is

counted as equity, would finance quite a sizable deal, especially if there were - as with SCM and Im-

Another bid, naturally not fi-

nanced by shares, should be just

what the market wants from Han-

son - so long as the target looks

ready for a quick strip. About £130m of the rise in operating prof-its from £257m to £420m came from

perial - quick sales to be made.

the day after the figures.

The horrors of Houston property have been threatening to engulf Eu ropean Ferries ever since the oil price fell apart. The inevitable has duly occurred, with the threat of a balance sheet blow-out forcing Euroferries into the arms of P&O

with every sign of relief.

Euroferries' dependence on taking property realisation profits out of its developments to Houston, Denver, and Atlanta had made for a benney, and Atlanta had made for a bumpy ride even before the profits failed to arrive at all, this year. Add a strike-torn year in the core Channel businesses, and Eurofer-ries was ripe for plucking as soon as the monopolies commission gave

as the monopolies commission gave a clearance to the 20 per cent hold-ing that P&O already possessed. The deal makes perfect sense for P & O, which can afford to swallow the US property losses, and take n more relaxed view about the future of the Sun-belt investments than might have been possible for Euroferries bankers.

The linkages between P&O's conminer operations and Euroferries' handling facilities, and between the P&O road transport business and the ferries could scarcely be more

The construction of a tunnel unier the Channel can scarcely be good news for the combined operation, in the very long term. But then, there is a lot of cash to come out of the Channel ferries before

Saatchi & Saatchi

Since the traumatic reception of its rights issue and the equally bruising effect of the account losses which followed the acquisition of Ted Bates, Saatchi & Saatchi's share price has been rolling up and down in mid-Atlantic.

At 666p, down 2p on yesterday's excellent figures, the shares have floated nearly half way back to the ex rights level; at the recent rate of recovery, from the depths below 600p, they may even bob up to the surface in time for the anniversary of the ill-starred rights.

If so, the recovery will probably be more a function of the increased US interest in Saatchi shares than of the progress which the group is making in its operations. London institutions may be won over in the progress by the rest was around 13 per cent. Hardly awe-inspiring, and many of the older parts saw flat or even falling profits.

That reinforces the argument that Hanson's skills are best spent in doing the corporate equivalent of bought deals - buying in bulk and making n turn on the distribution. In that case the rating, of about 11 times prospective earnings with the shares at 191p, might simply be a reflection of low quality in these broking-type earnings.

The market has dealt harshly with the Bass share price over the end but have remained strangely last few weeks, but even so it was impervious to the charms of world perverse to drop the shares a furscale advertising. Indeed, Saatchi's ther 6p to 713p after Bass reported earnings growth has been well up to par, at 21 per cent, and normal annual pre-tax profits up 22 per cent at £310m. internally generated growth has al-ready replaced the accounts lost af-ter Bates. Expansion into the consultancy field is already mapped out. Yet the shares are still at a dis-

If anything, the figure was better than many had anticipated. Admittedly Bass has taken an unexpected extraordinary write-off to account for the diminution in the value of its UK holiday camp business, but a deficit of £53m is small beer compared with the £700m surplus over book value thrown up by revaluation of group properties.

Over the year as a whole Bass has probably just maintained its share of the beer market. But given the disruption to supplies at the beginning of the year, in the wake of the Runcorn brewery dispute, it is clear that the underlying pattern is one of continued growth in market share; Bass has been increasing market share through the pubs. rather than by chasing business through the lower margin off-trade.

That same premier position in the tied trade has meant that Bass's shares have been particularly hard hit by the reference of the tie to the Mocopolies Commission. But even supposing that changes are eventually wrought in the system, it will not be Bass which suffers most.

As the UK company with the most impressive brand range, Bass could positively benefit from a brewers' Big Bang, If Bass can grind its way past £350m pre-tax this year, the shares are on a multi-ple of only 10.5. The discount to the acquisitions, figures which exclude market seems most inappropriate, any profits from the hits that were given the positive outlook for conbought and sold. That suggests the sumer spending.

Crisis in floater market deepens

By Clare Pearson in London

THE CRISIS in the floating rate note (FRN) sector of the Eurobond market deepened yesterday with many dealers saying they would abandan making firm prices in per-

Dealers are facing substantial potential losses on perpetuals -which have no final maturity date following massive price falls in recent days as institutional investors have shunned them.

Yesterday, the sector showed scattered signs of stabilising after yet another sharp price drop of up to one percentage point at the opening of business. Later in the day, prices of some issues - notably those of UK clearing banks for which perpetuals have been an important source of capital - had risen

from their lows. The episode has highlighted divisions between large and small Eurobond firms and underlined the problems faced by the market as a whole because of tough competition to manage new issues, which has caused too much paper to be brought on terms unattractive to in-

resentatives of about 40 firms held an emergency meeting yesterday morning after trading in perpetual bonds failed to revive despite the previous day's agreement to reduce minimum dealing sizes and widen the spreads between bid and of-

Mr Tom Beacham of Wood Gundy, a prominent figure in the Association of International Bond Dealers, who chaired yesterday's meeting, said: "What we're trying to do is to get people to pick up their tele-phones again and re-establish some kind of dialogue."

Many dealers who attended the second meeting said that, instead of quoting firm prices at which they would be committed to deal, they would merely indicate prices for a temporary period up to about the new year. This was intended to stem nervousness and help liquidity

Details, Page 24

Cut back in applications for St Gobain

Continued from Page 1 France has taken 20,000 orders av eraging 87 shares per nrder. The pace has slowed slightly in

the last days of the campaign, which closes at the weekend, but Crédit Lyonnais said yesterday that applications were still coming in at n rate of 12,000 a day. Overall, senior bankers estimate that individu-al applications could reach 2m, double what the Government had

Bullion banks consider sharing control of London Gold Market

BY STEFAN WAGSTYL IN LONDON

have run the London gold market since 1919 are considering sharing their control with other gold trading companies.

The Bank of England is under-

stood to support changes to make the market more democratic, at a time when other financial institutions are also reforming traditional practices in the City Revolution. The proposals come after a num-

ber of overseas banks and trading companies have built up gold trad-ing operations in London to rival the traditional bullion banks. Some of these have been pressing strongly, if discreetly, for a say of the management of the gold market. However, there is no sign that the five will invite new companies to take part in the fix, the twice-daily

THE FIVE bullion banks which heart of the London market, but an important proportion of the busi-ness does take place outside it.

The regulatory changes are being scussed in the context of the British Government's Financial Services Bill, which is currently before parliament. Under the proposals, the supervision of the wholesale financial markets - that is money, foreign exchange and bullion (silver and gold) - is to be carried out by the Bank of England - as it is now. However, in order to formalise the arrangements, the Government wants these markets to establish

their own representative bodies. The gold market's 53 associate members now have no formal say in its administration. Apart from jewellers, refiners and small-scale dealers, they include a number of pricing meetings which are held large overseas banks and trading around a table at N.M. Rothschild, companies whose gold market-makthe merchant bank. The fix is at the ing activities rival those of the five

They include Morgan Guaranty, J. Aron (a subsidiary of Goldman Sachs), Phibro-Salomon, and Shearson Lehman Brothers (owned by American Express) from the US, the Bank of Nova Scotia from Canada and the Swiss bank Credit

The market's five members N.M. Rothschild, Samuel Montagu, Mocatta and Goldsmid, Sharps, Pix-ley and Mase Westpac. (formerly Johnson Matthey Bankers) – have resisted calls for change in the past. But they clearly now feel that the Bank of England will insist that the London gold market liberalises its rules along with other City markets. Moreover, they are aware that powerful foreign banks and traders cannot be excluded indefinitely from formal representation in the

Analysis, Page 36

Row grows on Palme murder hunt

BY KEVIN DONE IN STOCKHOLM

STOCKHOLM police chief Mr vestigation, Mr K. G. Svensson. Hans Holmer, who has led the fruitless nine-month hunt for the assassin of Mr Olof Palme, the former her this year. He claimed that a 33-Swedish Prime Minister, was called year-old man held for several days hrief opposition party leaders about the state of the murder investigation, as criticism of the police conduct of the case mounts.

Unrest within the Stockholm police force has grown amid reports that a group of 12 detectives had been taken off the case following leaks to the press.

Disquiet over Mr Holmer's leadership of the hunt was further fuelled yesterday when Mr Bengt Hamdahl, Swedish Chancellor of Justice, published a report claiming that Mr Holmer had failed on several occasions to show a necessary will to co-operate" with the previous

case in dramatic circumstances ear- said Mr Hamdahl. on suspicion of involvement in the assassination had had his rights seriously violated by the police.

He charged that his position as osecutor had been compromised by the police leading the investiga-tion, and complained of interfer-ence in his work by the Justice Min-

The report from the Chancellor of Justice yesterday rejected the claim that the suspect had suffered any violation of his rights, but he did accuse the police of "negligence" in the way they had conducted iden-tity tests with eye witnesses.

He said the problems of co-opera-

conflicts seemed above all to have Mr Svensson resigned from the arisen from personal antagonism,

Mr Holmer refused to comment yesterday following his meeting with Mr Ingvar Carlsson, the Prime Minister, and opposition party lead ers. But Mr Svensson, who resigned from the Palme case in May, said it was "teeming with inaccuracies."

Comment from the Swedish press has become increasingly negative about Mr Holmer's conduct of the case, as his early optimism about finding the killer has proved un-founded. A steady stream of speculative rumours seeking to explain the assassination have surfaced as Mr Holmer himself has refused for several months to comment publicly on the progress of the investi-

chief prosecutor were obvious. "The US hopeful on chip pact with Japan

tion between the police and the

THE JAPANESE Ministry of International Trade and Industry (Miti) has vowed to force Japanese semiconductor manufacturers to raise their prices in Europe and Asia, ac-The officials said the Japanese made their pledge during the latest round of talks in Washington yes-terday on the controversial US-Jap-

anese semiconductor trade agree-The US Commerce Department expressed "cautious optimism" after the talks that the Japanese Government would fully implement the trade pact by bringing an and to dumping of memory chips in third-country markets.

The US officials said Miti would monitor all Japanese memory chip exports and had warned Japanese firms to comply with the agreement. "Now we must wait and see"

if Miti's actions would successfully resolve the dumping problems, they added. A further round of consulta-

tive meetings has been tentatively scheduled for January. The US semi-conductor industry, which had hoped for sterner action by the US Government, is growing increasingly impatient. The Semiconductor Industry Association (SIA), an influential trade group representing the major US chip-makers, said: While it is reassuring that Miti has expressed its commit-ment to the trade agreement, the Japanese Government has ex-pressed such commitment before, and we have yet to see any evidence

that dumping has stopped."

According to US memory-chip manufacturers there has been no increase in Japanese chip prices in Europe and Asia over the past two

The SIA meanwhile yowed to enlist the support of the US Congress. the entire US electronics industry, ers. It said it would proceed with plans to draw up sanctions that it says should be immediately imposed on Japanese companies that have or will violate the agree-

ment. "We assume that the US Government is preparing a similar list of sanctions," the SIA said.

However, US trade officials said yesterday that no decision had yet been made on what action the US Government would take if Japanese companies continued to dump chips. Miti officials were, however, told at the Washington meeting that if the agreement did not work it would represent e serious problem, ing to US officials.

Continued from Page 1

open hearings when the 100th Congress convenes on January 6.
The Senate select committee will be comprised of six Democrats and five Republicans reflecting the

have been jockeying for positions on the bi-partisan committee. The covered job of chairman has yet to be named. Sen Byrd has warned that the chairman is likely to become as big e national celebrity as Sen Sam Ervin, the South Carolina Democrat who chaired the Water-

involvement in supplying weapons to the Contras – when direct military aid was banned by Congress -

Salvador were unloaded in those countries and then refilled with wespons from Europe. The arms were then flown to rebel camps just

ing money to anti-Marxist rebels to Afghanistan.

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World Weather

Insurance court ruling

Continued from Page 1

surance market, said in welcoming the judgment: "Lloyd's has always believed that proper freedom of insurance sarriese and the decision could allow British insurers to surance sarriese and the decision could allow British insurers to surance sarriese and the decision could allow British insurers to surance sarriese and the decision could allow British insurers to surance services will be beneficial to the EEC in the wider context of completion of the internal market."

If the Eritish Insurers Internation of the British Insurers Internation of the internal market. It is insurance companies, said not "anticipate an overnight bonanza" as a result of the liberalisation cialist insurers in the London markets.

lobbying for greater access to conthe European Parliament. The tinental markets. Mr Peter Miller, group called it a great victory for Mr Jason Frangoulis, chairman

permitted by the ruling, but instead looked forward to a "steady increase" in European business.

The decision evoked an instantly tions in Europe would also enthusiastic reaction from the Eu-ropean Democratic Group, repreability to compete with Japanese

Distribution Services

This highly specialised sector is transforming the delivery of retail goods and meeting a boom in demand for express parcels services.

Emphasis on speed

By Kevin Brown, Transport Correspondent

A QUIET revolution is going on in the distribution services their own centralised supply house, as bave Debenhams and industry as economic pressures arrangements huilt around the the John Lewis Organisation.

Part last Marie Links

to come the term

RETTAL FEET

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multiples exercise the bargaining power conferred by their dominant position in the sales sector, it is estimated that up to 40 per cent of all goods sold in the UK now pass through the centralised distri-

market.

There have also been important developments in other distribution areas, notably a boom in demand for express parcels services which has led to a rapid increase in tha number of competing companies

panies.

The most notable new entrant in this sector has been Federal Express, the Memphis-based US carrier, which hought a subcarrier, which hought a subcarrier, which hought a subcarrier which hought a subcarrier which sector.

Some goods, including sugar, stantial share of the UK market by taking over Lex Wilkinson. Soap powder and detergent pro-

According to industry estim-tralised distribution arrange-ates, the multiples now account ments. In the electrical field, for up to 75 per cent of retail Comet and Curry's/Dixons have sales, giving them enormous a similar organisation, while influence over distribution ser- C & A and Burton's have their influence over distribution ser- C & A and Burton's have their who opted to market their ser- Most of the big national dis- The use of contract distributioes, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions, which most have not been own banging garment distributions are constant.

industry as economic pressures combine with technological and concept of consolidation waresocial change to create an increasingly specialised service sector.

In retailing, control and influence has shifted decisively away from suppliers and towards retailers as the major multiples exercise the bargain.

The important grocery sales sector, it is estimated that the John Lewis Organisation. Some of the larger stores also have what are called combults supplies to central distribution centres from which stores can be supplied according to individual requirements. In the important grocery sales sector, it is estimated that the John Lewis Organisation. Some of the larger stores of the larger stores also have what are called combutton centres from which stores can be supplied according to individual requirements. In the important grocery of the shelf.

The development of central warehousing by re-

through the centralised distri-bution centres of the top eight multiple grocery retailers. This is expected to rise to between 45 and 50 per cent within the next two years.

Some companies, such as Sainsbury's Kwik Save and Waitrose, have achieved a level of centralisation of 80 per cent,

Changes are still taking ducts, are more suited to direct place within the retail market delivery because of their bulk

The retailers have developed tion has its own central ware-

the shelf.

The development of centralised warehousing by retailers has meant that manufacturers bave also bad to re-consider their distribution netown networks of depots has

As a result, the high fixed costs and investment requirements of distribution operations have become increasingly unattractive to manufacturers, leading to the growth of specialist distribution com-panies operating a number of distribution networks on behalf of specific customers.

The choice for manufacturing companies bas been to place within the retail market place, but a clear pattern has emerged as the major multiples shift the location of many stores to out-of-town sites, and achieve growth by taking over smaller companies as well as opeoing new outlets.

According to industry estimated delivery because of their bulk and speed of turnover. The so-called "morning goods," such as bread and milk also require direct delivery to stores.

In other sectors, Marks and Spencer, Boots, and Woolworths all have their own centralised distribution arrange.

This is a delivery because of their bulk withdraw from operating their own distribution networks, as unilever did when it sold its SPD subsidiary to National Freight Consortium, or to develop the business as a common carrier, offering specialised services to other manufacturers.

This was the course chosen by United Dairies, United Bis-cuits, and Reckitt and Coiman,

fields of operation.

In the same way, Express dedicated services, under which they supply a complete distribution to supermarket outiets, Geest marketed their expertise and experience in produce, and TLT distribution to relieve their dependence on sugar distribution at a time when imports of cane sugar were heing restricted by the EEC.

Independent companies such ment Group (TDG) also offer mer, since the contractor will encompassing the buying office, usually provide not only the capital for vehicles, trailers, improved efficiency can also plant, equipment and computer services, but may also provide customer.

Dedicated contracts usually facilities if these are required.

Independent companies such dedicated services, under which they supply a complete distribution capital for vehicles, trailers, improved efficiency can also plant, equipment and computer completely new warehousing facilities if these are required.

An important point in this context is that the distribution industry tends to he satisfied with a lower return on capital for vehicles, trailers, improved efficiency can also plant, equipment and computer completely new warehousing facilities if these are required.

An important point in this context is that the distribution industry tends to he satisfied with a lower return on capital for vehicles, trailers, improved efficiency can also plant, equipment and computer completely new warehousing facilities if these are required.

An important point in this context is that the distribution industry tends to he satisfied with a lower return on capital for vehicles, trailers, improved efficiency can also capital for vehicles, trailers, improved

Independent companies such as Longton, Peter Lane and Christian Salvesen also entered the market as they saw a par-ticular niche in which they could offer experience.

All these companies offer distribution facilities to manufacturers on the basis of common use of their facilities, relying on economies of scale to offer clear gains to customers in reduced

Most of the big national dis-tribution companies, such as

requirements, and often incorporate the customer's own computer ordering and stock control systems, or the provision of these facilities by the distribution company. tion company.

Dedicated contracts bave the advantage for both retailers and manufacturers of offering tailormade services and a large measure of control of distribu-tion, while relieving the customer of the problems of day-today management.

areas of business.

There are also considerable gains to be made by customers in the reduction of management time required to exercise day-to-day control of distribution

For retailers, contract distri-bution offers the opportunity to integrate the distribution, stock control and reordering pro-

Perhaps the most important benefit is a reduction in the stockholding which is neces-sary, since goods are held at a central point rather than at the point of sale. This means less congestion at stores as the dedicated distribution fleet makes timed, consolidated deliveries.

The key to the development of centralised distribution through consolidation warehouses is the computer-based information systems that bave become available in the last few

TURN TO PAGE 6

Packages being sorted in the huge Federal Express superbuh at Memphis in the US. In Europe, an increasing number of companies have come into the parcels business though the aim of guaranteed overnight delivery puts a premium on efficiency.

CONTENTS

Operations management Air freight Profile: Prism Rail systems Equipment Delivered price plea



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provide a total solution in the distribution of liquids, powders and gases.

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Distribution services 2

Operations management

Food retailers show the way

DISTRIBUTION is still a widely misunderstood and often over-looked area of operation for many company managements, in spite of much greater atten-tion and publicity in recent

years.

That, at least, is the view of most distribution industry experts. They claim that while a number of major retailers and

number of major retailers and rather fewer large manufacturers are familiar with latest developments and thinking, substantial sections of industry and commerce are not:

"Too many people still tend to be pre-occupied with the price per case when it comes to distribution. They don't take the blinkers off and take a more general look at what a good distribution operation can do for tribution operation can do for them," Mr Bob Goulborn, marketing manager for Lowfield Distribution claims.

Distribution claims.

"Distribution is not just a matter of the cost of getting something from A to B. It is also the speed at which you get information and how you cope with that information to improve cash flow."

Heiping to support those claims are the results of a retail distribution survey carried out earlier this year for Lowfield by KAE Development. The research covered some 80 retailers, agents, manufacturers need by KAE Development. The research covered some 80 retailers, agents, manufacturers and brokers in the food, confectionery, drinks and household goods sectors, and argued that while certain companies were notabla for the adoption and development of sophisticated systems, many others had yet to reap the benefits of planned and integrated distribution strategies.

The research showed that companies fell into three broad categories—those which totally ignored distribution, those which paid lip service to it and those which arganised their distribution effectively, and which had in many cases got to the point where they were exercising total logistics management.

The wide variation in approach is confirmed by Mr David Basey, the distribution projects manager for Mitchell Cotty Transpares Services

projects manager for Mitchell Cotts Transport Services, who argues that hig retailers like Sainsbury and Tesco with defailed understanding of distribution operation are exceptional

button operation are excep-tional.

"Although things have got a little better over the last couple of years, there are still com-panies that know they have something wrong with their dis-tribution systems but are not really sure, what " said Mr.

One of the major factors in-hibling companies when it comes to developing more sophisticated distribution systems is not surprisingly thec ost, or the assumed cost, of setting



Tony Stanton: common goal to reduce waste

pp such arrangements. Helping own cause in promoting the de-to foster such views is the wida velopment of more sophisticated variation in the parameters of systems and the need to look et to foster such views is the wida variation in the parameters of distribution budget analysis, as a result of which many companies fall to appreciate their true distribution costs.

Companies which carried out distribution audits expecting costs to be in the region of 6-8 per cent of cost-ofsales often found them to be double that or more. Distribution extends far deeper into an organisation than most people think, however, and this provides the ex-

In making decisions on stock availability and order-to-delivery times, a company is determining its own inventory level, its warehouse expacity requirements and even their locations, as well as the method by which goods were carried.

Sales administration, credit control and order processing were rarely part of the distribution function yet they directly affected on the perceived de-livery service to the customer.

"For instance, a distribution anager frequently increases his freight cost to shorten de-livery times when the root of the problem lies in the salesmen posting their orders by second class mail and/or orders taking a week to clear credit control and requiring another day or two to be processed," Mr

Koppert observes.

Distribution industry experts also agree that specialist distribution contractors and service providers have for their part not done enough to advance their

Even so, an increasing num-ber of retail and manufactur-ing companies ere now realising the possible value of efficient distribution. The emphasis is in effect moving from the assessment of the finite cost of physical resources, such as vehicles, warehouses and drivers, to an equation encompassing the cost of inventory levels, the sales value of greater stock availability, the cash flow benefits of speedier invoicing and the marketing value of instant management information.

The key factor in that development and most others in the distribution field is the increasing use of computerised systems both to manage operations, and, more particularly, to collect and process information. By using modern technology, argue distribution and computer specialists, companies can make distribution become a compel-

tive weapon

Digital Equipment Company,

which is currently looking to expand its involvement in the distribution market.

"Competitive advantage from distribution will come not from optimising it as an independent function but from integrating distribution into tha operations of an organisation in line with its competitive positioning. Information technology should not be thought of as just an operational tool. It can be used in a "pro-active" way to help meet business objectives."

Support for the view that greater expertise in, and knowledge of, information technology will solve many of the complex problems relating to distribution, comes from Mr Tony Stanton, managing director of Tate and Lyle Distribution Services. Development of database management systems would identify wasted resources and costs so that new solutions could be found, he noted.

that new solntions could be found, he noted.

However, if wasta was to be reduced, all involved would have to rethink their traditional relationships and work together towards a common goal from which each benefited.

"If we allow distribution companies to continue to compete to prodoce the lowest cost for the client against an unrealistic specification, then we will simply perpetuate the situation where the hire and reward sector fails to generate the cash it needs to develop modern information systems," he claims.

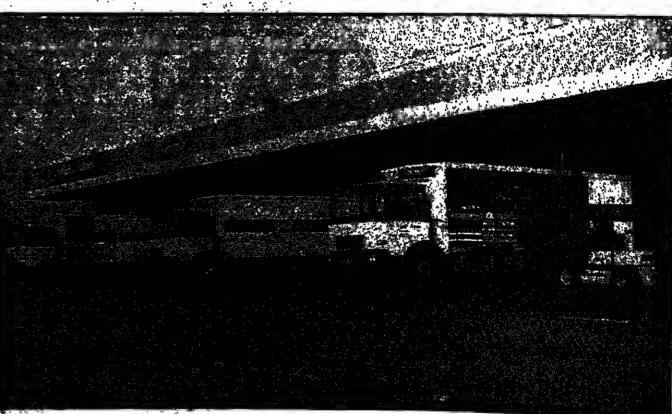
According to Mr David Buck, marketing director of National Carriers Contract Services, specialist third party operators

Carriers Contract Services, specialist third party operators specialist third party operators were in fact responsible for 28 per cent of all retail products distributed in 1985, an increase of 11 per cent over 1978. By the 1990s, he believes, more than 40 per cent of all retail products will be controlled and moved

will be controlled and moved by third party operators. NCC and other contract distribution companies also maintain that the time is fast approaching when third party operators will not only be responsible for the warehousing and distribution of choose but and distribution of stock but will also legally own it. Customers will, however, retain control over the buying decisions and be responsible for negotiations with manufacturers

on quality, price, discounts, etc.
"The transfer of stock owner-The increasing levels of competition in the slowly growing western economies have led to the recognition that improve ments in distribution systems can be a source of competitive advantage. The effective use of technology fully to integrate the distribution process can improve service levels and reduce rost," comments Mr Max Dobres, UK retail and distribution marketing manager for tion marketing manager for

Phillip Hastings



Part of Tate & Lyle Distribution Service's fleet. The increasing use of computerised systems enables the physical distribution of goods to be carried out more efficiently and economically

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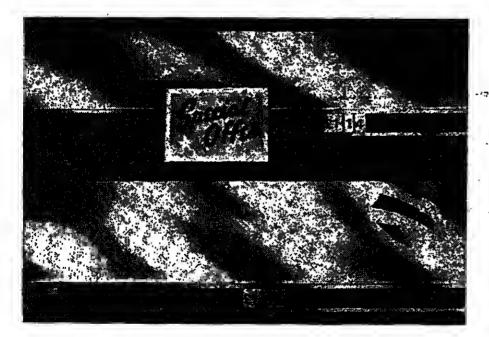
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FINANCIAL TIMES SURVEYS

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Overnight links speed packages

AIR FREIGHT operations, connected particularly in the form of over-operations.

December 5

Encouraged by growing adoption of the "just in-time" concept in the distribution sector, more and more service companies are turning to air as the means to satisfy the demands which that idea creates. Particularly prominent are the growing band of integrated service operators offering overnight and other express door-to-door delivery services in Europe and other international markets.

Within the last few months, for example, two of the world's largest express and integrated service operators, Emery Worldwide and Federal Express of the US, have both unveiled plans for the development of substantial air-based distribution systems covering the UK and Continental Europe. First off the mark was Emery

which in September introduced a new European airlift system a new European airlift system centred on Maastricht in the southern Netherlands. Fight light aircraft are now being used to provide overnight air links between Maastricht and 15 airport cities in Europe, including London, Birmingham and Manchester, Hundreds of other European cities are other European cities are

particularly in the form of overmight air links operated by
express services companies, are
playing an increasingly important role in the international
distribution of goods.

Encouraged by growing
adoption of the "just-in-time"

adoption of the "just-in-time"

operations.

Introduction of the air operations enables Emery to offer
next morning by 10.30 hours
delivery of non-dutiable
packages to many European
points and next day deliveries
for dutiable parcels and heavier
are interested by

weight shipments. The longer term sim is to bring in before 09.30 hours deliveries for major

More recently, Mr Frederick Smith, founder and chairman of Federal Express, revealed that his company is currently

that his company is currently looking substantially to expand European air operations centred on the company's main Continental hub at Brussels, Belgium.

Tha idea, eccording to Mr Smith, is for FedEx to acquire 7-10 turbo-prop aircraft of the F27/HS748/Shorts 330 type, i.e., offering payloads of between 3.5 and 5 tonnes, within the next three months for operation in Europe. Also under consideration is the acquisition of a similar number of smaller aircraft, notably the Cessna 208, which has a payload of around 1.75 tonnes. This will be used both to feed traffic direct into Brussels and also to maintain more local links for some of the outstation points covered by the larger equipment.

by the larger equipment.

The additional air operations planned by FedEx are releted to its intention to initiate direct services to a further 18 cities in Western Europe over the next

company covers 12 points together with leading inter-directly in West Germany, the national airlines such as British Netherlands, Belgium, Switzer- Airways and Lufthansa, also land and France.

While FedEx and Emery have mede the major headlines over the last few months, they are just two of a large and still growing group of freight operators now using air links to sustain intra-European distribution services—others include Securi-cor and Elan from the UK, Netherlands-based XP Express Parcel Systems end Pandair International, Scandinavian air-line SAS and the Australian-based TNT-Less organisation

based TNT-Ipec organisation.

Even predominantly domestic the European air operators' club—among the latest is the UK rail-based parcels service operator Red Star which has over the last few weeks introduced a number of air links to boost its UK/Ireland services and is currently carrying out and is currently carrying out trials with a UK/Continent connection involving overnight flights between Southend, England, and Brussels, Belgium.

"Some customers may find it odd that a rail-based premium parcels service is using aircraft to move parcels, but our customer research has told us that there is a demand for a faster service than even a high-speed train can offer," comments Mr John Nelson, national business manager for Red Star. A number of the intra-

now offer air-based international door-to-door services for smaller freight items to other markets all over the world. Many of the factors contribut-

ing to the growth of express freight/distribution services based on air operations were highlighted at the recent 13th International Forum for Air Cargo held in Basie, Switzerland.

In a paper which looked at the relationship between the Just In-Time concept and the air transportation industry, Mr William Goins, senior marketing manager distribution systems for Federal Express, said a growing number of businesses were adopting just in time prin-ciples. Arrival of deliveries a day too early or too late was in many circumstances unaccep-table. There was, therefore, an increasing demand for fast, re-listle and "time definite" trans-portation such as that which could be provided by air

"The fact that many sup-pliers and manufacturers are located thousands of miles apart provides a major opportunity locations. This can be very operators in particular claim that international air transportation and customs regulations are still have to overcome a number of hurdles if they are to develop their operations in the way they mitted to providing 'time locations. This can be very operators in particular claim that international air transportation and customs regulations are behind the times.

Customs systems, they say, are in most cases not optimised for the high priority goods and



Loading a courier service helicopter. Air systems still meet delays caused by official red tape

market places.
"We believe that aviation

definite delivery is maintaining the distribution demands of high-value inventories in several their customers. American ingly moving between suppliers in gair freight. At the very expensive," Mr Goins observed. However, air service operators tion and customs regulations are still have to overcome a number that international air transportation and customs regulations are behind the times. Mr Smith of Federal Express.

Phillip Hastings



Aircraft of the Royal Mail's Datapost system

Gearing to the slow-sell lines

Profile: Prism

THERE HAVE always been plenty of companies in the dis-tribution field seeking to handle the "stars" of the industry-the high-volume consumer the high-volume consumer goods which spend little time on the retailers' shelves. There has not always been so much enthusiasm for the "dogs"—

enthusiasm for the "dogs"—
the low-volume, low-value goods
which the retailer wants to
stock only in limited numbers.
Much of the distribution
system for the dogs has been
dominated in the past by the
manufacturers, who sought to
ease their own problems by
delivering by the caseload—
often leaving retailers to cope
with piles of excess stock taking
up valuable space in stockrooms.
The low-volume end of the

The low-volume end of the market is the target for a new distribution system launched by Harris-Reliance, dormerly the northern holding company of Transport Power Comment Comments of the colling speed Transport Development Group,

Reliance in faintening Framwas to capitalise on the growing demand from retailers for accurate and timely supply of goods to minimise both backroom stocks and empty shelves.

This in turn has grown out of the development by major the development by major central

the development by major retailers of their own central wards. It is not central wards to their own central wards. It is not geared to handling low sales velocity goods delivered in single units.

Frism was set up to deliver slow-selling lines such as health and beauty products, soft goods, speciality foods and pet products, direct to stores in quantities sufficient to ensure that shelves are kept full without recourse to back room stocks.

out recourse to back room stocks.

Mr Alan Hinks, managing director of Harris-Reliance, estimates that large supermarkets carry up to 10,000 slow-moving lines—necessitating a stock of 10,000 cases within the store if the retailer is to avoid becoming out of stock on any one item.

The distribution system adopted by Prism is based on the service merchandising concept used in the US to supply small general retailers, and is closely geared to single-item delivery. But the major innovation phoneered by Harris-Reliance is the creation of an extensive software package

Remance is the creation of an extensive software package allowing the whole operation to be computer controlled.

The software was developed at a cost of £800,000 by Janet Lennon, the Harris-Reliance director responsible for developments of historians. ment of distribution systems, and is claimed to be the only such system in operation in the UK by contract distributors. At the heart of the system is

the store consultant employed

restocking requirements on a handheld terminal for later transmission to a central IBM computer at the company's distribution centre at Tildesley, near Manchester. The computer then prints retail labels for each item required, and the goods are packed in plastic tote boxes

The computer system was designed to provide a package of inventory management, ware-house organisation, retail store merchandising, receipt and pro-cessing of orders, invoicing and payment, van and truck movements, and management and sales data.

tor dentacta in

sales data.

If was designed in co-operation with Mr Nds Elrin, managing director of Prism, who had previously set up a similar physical distribution system in France.

According to Mr Elrin, the core of the system is an attempt to allow retailers to keep tight

viding them with accurate in-formation of the selling speed of individual lines, to keep a

Transport Development Group, ithrough its new subsidiary Prism, standing for Professional Retailing Involves Service Merchandising.

The intention of Harris-Rekiance in launching Prism was to capitalise on the growing demand from retailers for accurate and timely supply of goods to minimise both backgroom stocks and empty shelves.

This in turn has grown out of the Seiling special of individual lines, to keep a balance between overstocking and sold-ont goods.

Retail labels printed by the main computer are used by wareliouse staff to select individual items for tote boxes in the operation known in the industry es picking. In this area, Prism hopes to achieve 1,000 picks per operator per hour, and claims to have achieved 550 picks per hour already — well picks per hour already — well ebove the industry average of

about 200.
This is on the basis of only one major contract, however—for CWS, the wholesale arm of the co-operative movement.
The contract started in October

The contract started in October with 800 lines for delivery to Co-op stores in the South of England and Scotland, and is gradually being extended to cover other areas.

In addition, the system is being used to handle Christmas orders for the Asda supermarket chain.

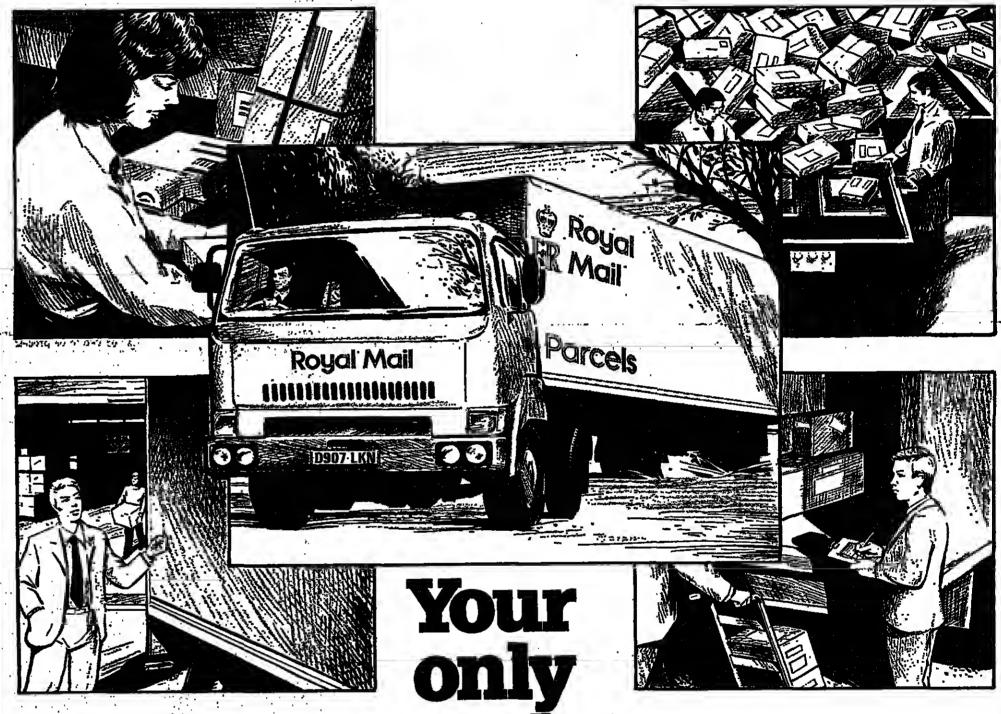
Harris-reliance has invested about 23.5m in the warehouse at Tildesley, which covers 75.000 sq ft, and has capacity to handle 750,000 items per day. The initial Co-op business required only about 20,000 picks per day, but Mr Binks says inper day, but Mr Binks says in-terest from retailers has been so intense that the company is already considering plans for a further investment of £3m in another 100,000 sq ft of ware-

house space.

Mr Binks says an average of three retailers per week have visited the Prism operation since the Co-op contract came on stream, and negotiations are also under way with potential customers outside retailing, in-

cluding a group of private hospitals, "What is happening at Prism is a real revolution in the retailing business which has not yet been fully appreciated by either customers or our com-

Kevin Brown



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Distribution services 4

BATTLING WITH TRANSPORT? FREIGHT SERVICES Dow Freight Services can help you win! For the fastest, most efficient overland haulage at competitive prices, in Europe and the Middle East, you can rely on Dow.

Rail systems

connection restored

lot of time and money in the last few years in attempting to win hack a major share of the distribution market from the roads. But the corporation has been forced to mount this campaign against a background of major problems in its maintenant according to the companion of the control of the of major problems in its main-stream freight operations.
The root of the corporation's difficultias lies in the 1984 coal strike, which cost BR £250m in lost revenue, leading to a total freight loss of £264m in the 15 months to April 1985. This seriously affected the financial position by increasing interest charges by up to £13m a year. charges by up to £13m a year Perhaps even more important, sympathetic action by railmen. some of whom refused to move coal stocks, caused a loss of confidence among customers which BR has found difficult

BRITISH RAIL has invested a lot of time and money in the

o overcome. Sir Robert Reid, BR chair-Sir Robert Reid, BR chairman, recognised the extent of the problems facing the division in the 1985-86 annual report—a year when the corporation budgeted for e £38m profit on freight operations but lost £17m. Sir Robert conceded that revenue expected from coal restocking had not materialized. restocking had not materialised, and noted: "Intensive effort is heing made to ensure that Rail-freight achieves its financial

foremost among these conjectives is the requirement that freight services operate without public subsidy—a Government instruction sometimes not fully instruction sometimes not fully appreciated by the corporation's competitors. The level of operating return required from tha freight sector has recently been reduced, however, from 5 per cent of net assets by 1988 to 2.7 per cent by 1989-90. This was widely interpreted as a recognition by Mr John Moore, the Transport Secretary, of the railway's difficulties and an attempt to set tough but attainable targets.

Against this hackground BR has fought to develop its two main freight services — Trainload, which offers complete trains for customers with larga quantities to move: and Speedlink, a network of timetabled freight trains on which customers can book available space. Speedlink is an attempt to move back into the general wagon-load business abandoned by BR in the 1960s, when customer dissatisfaction with its outmoded service led the cor-poration to concentrate on bulk train-loads. The trigger for the

attempt to move back into dis-tributing more customer-orien-

tated goods was the decline in the manufacturing base in the

in a fleet of wagons with capa-citles of up to 29 tonnes (74 cubic metres). In addition, privately owned wagons with capacities of up to 54 tonnes (112 cubic metres) are available for hire, Specialist vehicles for bulk products such as liquids and cereals are also available. Trains and wagons are monitored by Railfreight's computer control system, which allows wagons to be located within

was attacking a market where road transport was firmly entrenched, with the trade geared to its use. So it limited initial involvement to businesses where rail access already trunk network or could be installed reasonably cheaply. The system met with early success in the food and drink and paper industries. Mr Stan Jnd, Speedlink Distribution's national business manager, said

customised distribution plans had been designed for a number

effect on hulk loads.

BR has established a network BR has established a network of private warehousing and distribution specialists with rail-connected depots which carry out road deliveries and associated activities such as stock control, order picking and multiple destination delivery. Alternatively, wagons can be routed direct to customer's private sidings, for which government grants are available where environmental benefits are likely.

Trunk haulage is carried ont

marshal wagons for delivery around the UK. Speedlink recognised that it

> development. The intention of the library nown as Landbank, is to allow BR to bring rail to the attention of companies at an early stage in the distribution planning process, before they become locked into road-based alterna-

BR is also keen to point out to potential customers that grants are available from the Government where the use of rail rather than road could of market leaders, including Guinness, Taunton Cider,

Loading containers on British Rail's MiniLink road/rail system

Mr Stephen Dargaval, a management consultant special-ising in financial advice for rail Spillers Petfoods, and Wiggins Teape. Guinness had virtually abandoned the private siding at freight developments, said the its Park Royal hrewery in west grants were designed to encompany has bought its own but the return on capital might shunting engines from RR to the company has bought its own but the return on capital might shunting engines from RR to the company has bought its own but the return on capital might shunting engines from RR to the company has been supported by the company has been supp shunting engines from BR to otherwise be unacceptably low. "Wa are receiving an increasing number of inquiries

In the long-term, maintaining from development corporations BR's growth will be dependent and et on the creation of more rail see ti connected premises. In an link attempt to promote this, BR has point and estate developers, who can see the advantages of a rail link as an additional selling set up e computer library of schemes," he said.
data on land available for "Logic suggests

"Logic suggests that if everything else is equal, a rail option should enhance rather than detract from its market-

ability."
Speedlink Distribution has also recently introduced a service called Minilink to offer inter-city door-to-door distribution of small loads, using five-tonne mini-containers and local delivery trucks.

Mr Mike Hames, Minilink project manager, said Speed-link had identified a gap in

secure service for small loads "By co-operating with private industry—Kalmar Industries of Sweden, Scanie and Leyland Trucks—we have developed enew service which can be used new service which can be used to penetrate this market and hopefully allow us to win more traffic to rail," he said. The basic unit of the Minilink

He

system is an 11.8 cu metre container with doors on one face. The containers are carried on customised rail wagons between

customised rail wagons between distribution points, where they are transferred to trucks for delivery to the customer.

The containers are fitted with collapsible legs, like a conventional demountable truck body, so that they can be left on customers' premises for loading or unloading. The containers are collected by trucks fitted with chassis-mounted, self-loading equipment and re-

self-loading equipment and re-turned to the rail depot.

Initially, the service will operate nightly between depots in North London and Hilling-ton, near Glasgow. It will be extended if successful.

Kevin Brown



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Equipment

IT the key to efficiency gains

THE FOCUS of attention where technological developments in the distribution field are con-cerned is now increasingly on the collection and processing of information rather than the physical means of moving

Rapid advances over the past couple of decades in the design of equipment to move, handle and store products have brought the industry to the point, many distribution sector observers believe, where most develop-ments in the foreseeable future are likely to be refinements of existing systems and technolograther than major bre

British Rail's Speedlink Dis-ribution organisation for example, is currently test marketing a new system called tion of five-tonne capacity mini-demountable containers and local delivery trucks to provide inter-city, door-to-door distribu-

tion services.
As for refinements to existing equipment, the sort of develop-ments now taking place are well filustrated in a new range of powered pallet trucks and stackers launched last month by BT Rolatruc.

Features of the three machines in the ranga include a special drive wheel unit design which adjusts driva wheel pressure according to the load on the forks, so improving traction and acceleration; an optional wire guidance package which allows trucks to be quickly converted from manual to automatic operation; and onepiece, fast change batteries which can be changed in less than 90 seconds, according to the manufacturer.

Overall, though, distribution experts believe that the greatest scope for progress in their industry now lies in the improvement of systems for capturing and using information asso-ciated with the movement and storage of goods.

Supporting that view, Mr
Tony Stanton, managing director of Tate & Lyle Distribution
Services, says the industry base management systems will

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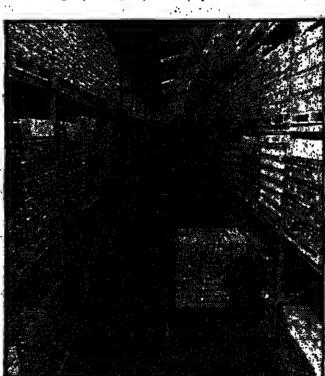
The result is the same whether that's supplying paper and board, boots and shoes or electric

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Computers are now increasingly being used to run warehouse operations

mance can only come from improvements in our capture and analysis of information to help all the players work together to reduce costly inefficiencies," said Mr Stanton.

Developments in information technology, ha says, hold tha key to greater efficiency in the distribution of consumer goods from factory to shop and there is an opportunity for distribution companies to develop tailor-mads order capture, stock

could not look to innovation in whice design or to much infrastructural improvement on anything fike the scale of the past.

"Improved economic performance can only come from improvements in our capture and analysis of information to help solutions can he found."

Not surprisingly in the light

Not surprisingly in the light of such trends, recent years bave seen a substantial increase in the number of computerbased systems designed for the distribution industry coming on

in the number of computer-based systems designed for the distribution industry coming on to the market. Among the latest examples in the Genesis Distribution System introduced earlier this year by National Freight Consortium company Freight Computer Services to provide "an integrated business solution for companies, including manufacturing, essembly, wholesale and retail organisations, who rely on transport and distribution of goods."

Included in the Genesis package are seven modules covering sales order processing, financial systems, fixet management and management reporting. The idea is that all those inter-related activities, any of which can have a bearing on the efficiency of the others, are integrated, coordinated and monitored by the one data-processing system.

In addition to computerised systems covering distribution activities in their broadest sense, there has also been a boom in the development of systems designed to deal with more specific functions such as wehicle routing/fieet management and warehouse operations.

Typical of developments in the former category is a new version of an already proven microcomputer software package called RoadBASE just launched by Nottingham-based Freight Software. Basically, tha system is designed to provide fieet managers with constantly updated informacion to aid decision-making on vehicle purchasing, component specifications, sources of repair and other marters having long-term effects on operating costs.

Another benefit, Freight Software says, is that the system provides early identification opera-

As far as warehouse opera-tions are concerned, computersation is now increasingly being used both for communication with supply/sales points and to run day-to-day activities.

A good example of how far the use of computer systems has already advanced is Black & Decker's new 126,000 sq ft national distribution centre at Northampton, said by many observers to be Europe's most advanced warehouse.

According to chartered surveyors Fuller Peiser, who were closely involved with the Black & Decker project, orders re-ceived at the company's Slough head office are processed by a mainframe computer which then communicates with the warehouse control computer at Northampton via British Tele

com kilostream lines. That then automatically directs cranes to retrieve the relevant product from the 75 ft high vant product from the 75 ft high racking where 27,000 pallets are stored. The pallet selected is eutomatically conveyed to the picking area where visual display units tell the operators how many items to pick. Larger orders by-pass the picking area and go direct to despatch.

Alongside that operation is the accessories area which comprises eight-metre high pallet racking, gravity-fed racking.

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The same

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comprises eight-metre high pal-let racking, gravity-fed racking, steel shelving and vertical carousels. The operator receives his picking list from the com-puter, which includes all neces-sary documentation such as address end bar code labels. When picking is complete the carton is despatched on powered conveyors via entomatic filling and sealing stations. and sealing stations.

and sealing stations.

However, while automated systems for warehousing are now widely evailable, most distribution specialists in the UK still claim that the country is some way behind many of its rivals when it comes to such operations.

A major feator in that

some way behind many of its rivals when it comes to such operations.

A major factor in that, they say, is finance. While some manufacturers, suppliers and retailers are apparently keen to press on with greater automation, their financiers are often reluctant to accept the benefits of such systems in other than labour and land costs.

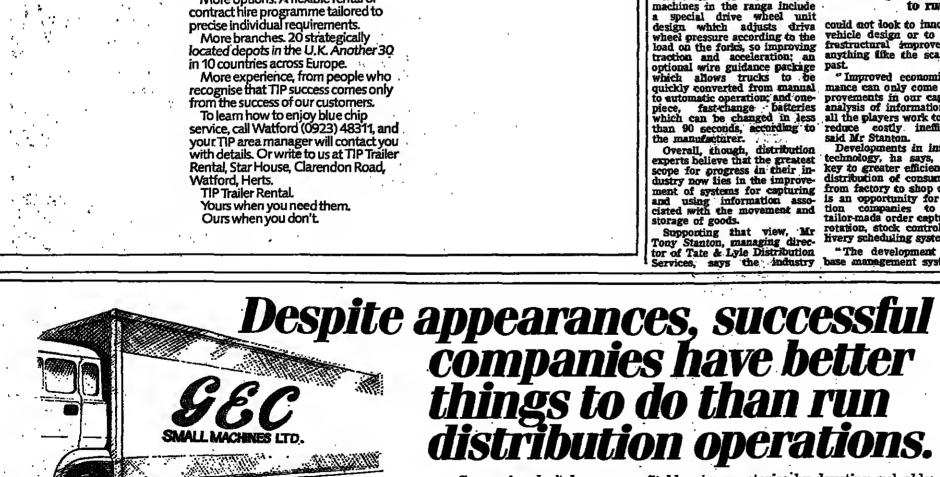
The same people also tend to show a lack of confidence, or at least great caution, about companies future performance and ere therefore less than enthusiastic about supporting substantial investment in warehousing automation.

According to leading distribution consultants, financial institutions prefer to back the development of multipurpose warehouse buildings which can be adapted to other uses should the original ectivity be discontinued rather than invest in more purpose-built facilities.

The result, say the consultants and distributions services companies, is that warehouse development tend to become compromise solutions involving various trade-offs between use of space, inventory considerations and the need to maintain high service levels.

The majority of modern warehouse installations do now use narrow aisle racking systems where the aisless are reduced from 8 ft 6 in to 5 ft 6 in to generate an additional three feet of space per aisle for storage purposes. Such set-ups ere serviced by specially-designed narrowaisle trucks which are normally able to stack pallats higher than more conventional reach trucks.

Phillip Hastings



Distribution services 5

Parcels

Heavy demand for express delivery

parcels delivery in the past few years, prompting a number of major business developments.

The most recent is the take-over of Lex Wilkinson, the British distribution company, by Federal Express, the fast-growing US express parcels carrier. The distribution activities of the two companies were merged from November 10, under the name Federal Express UK, and all UK express parcels business was transferred to a new subsidiary called to a new subsidiary called Federal Express Priority Ser-

Commenting on the merger, Mr Colin Millbanks, group managing director of Federal Express UK, says British customers of Lex Wilkinson would now have access to a fast, proven and secure international

express delivery service.

"Any customer can now pick up the telephone and ask for his parcel to be delivered to Torquay, Tokyo or Texas. We have the skills and knowledge to open up international fron-tiers—cutting all the red tape involved in customs clearance,"

he says.

Mr Millbanks says there are many operating similarities between Federal Express and Lex Wilkinson notably the "hub and spokes" distribution system invented by Mr Fred Smith, the founder and chairman of Federal, and since copied by most other express delivery companies.

other express delivery companies.

Lex Wilkinson uses lorries for night trunking from its hub in Nuneaton, while Federal uses aircraft, but both companies claim a high success rate for guaranteed overnight delivery—99.9 per cent for Lex and 98.7 per cent for Lex and 98.7 per cent for Federal.

Mr. Millbanks identifies a major difference between the US and UK markets, however. "In this country the sender takes it for granteed that a particular package will be delivered on time—he rarely checks. In the States the philosophy is somewhat different. As a matter of course tha sender often checks to see not only if, but when his package was delivered," be said.

The management of Federal Express UK has proved itself well able to implement and exploit the technology employed by the US parent company to

exploit the technology employed by the US parent company to keep track of parcels, Mr Mill-banks says.

The core of this system, called

couriers record collection and delivery information.

THERE HAS BEEN a heavy stations by any Federal Express increase in demand for express agent around the world to parcels delivery in the past few locate a specific parcel.

This includes nightly flights from Biraningham and London Heathrow to Brussels, where parcels from the UK are fed into the Federal Express international network through the company's European hub. Four DC-10 flights a week from New York and Memphis, where Federal bas its beadquarters, bring traffic from the US to the UK.

Trainc from the US to the UK.

The entry of Federal Express into the UK parcels market marks a new phase of development for a company which has taken 37 per cent of the US market since it was founded in 1973, and which forecasts turnover of \$3 hp in the current year.

1973, and which forecasts turnover of \$3hn in the current year.

Mr Smith delivered a stern warning in London recently, however, that Europe faces enormous difficulties in developing international express parcels services unless governments agree to deregulate air transport along the lines adopted in the US.

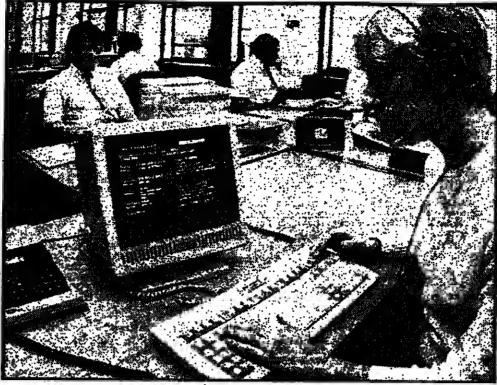
It was clear, ha said, that the

It was clear, ha said, that the world was on the brink of a major systemic change similar to the dawn of the industrial revolution as service activities continue to grow in importance in international trade.

regulation of international air transport failed to address these needs. Archaic bilateral keep track of parcels, Mr Mill-banks says.

The core of this system, called
Cosmos Ilb, is the miniature
hand-held computers on which
couriers record collection and
covernment agreements, were

delivery information. developed around passenger. The information can then be retrieved via 16 satellite earth nice the different routings,



London centre of Datapost, the Royal Mail's high-speed courier service

physical characteristics, urgency and schedules required of this new type of traffic," he said. Mr Smith urges governments to liberalise international air

in international trade.

"It is somewhat appalling freight services, at least in the that, in the main, tha current regulation of international air transportation and customs activities does not recognise the ance of express items, he

"In a time of substantial economic change, the conse-quences of erroneous regulation quences of erroneous regulation and inflexibla trading systems can be quite severe," be says.

The other major new development this year has been the establishment by eight European rail systems, including British Rail, of a rail-based international parcels service called Eurail Express.

The service, which was launched in January, followed a limited operation between the UK and Belgium launched in

limited operation between the UK and Belgium launched in 1983. It now takes in Luxembourg, the Netherlands, West Germany, France, Austria and Switzerland, and there are hopes of extension to Scandinavia and Spain next year.

Eurail Express offers guaranteed next-day delivery to most destinations in the system, with a maximum travel time of 48 hours. There is currently a weight-limit of 50 kg, plus a limit on size, defined as two

metres long with the sum of the other two dimensions not to exceed two metres. There are bopes that this will be raised, Recently. Eurail switched however.

The railway undertakings bover and Ostend to the use of an air link between Southead and Zaventem, near Brussels, away from air courier and road express services. The use of standard documentation assists with border formalities, which as full night operating facilities.

This bad the immediate benefit that a value limit of BFr and other with but the vill authorized that the contraction of are dealt with by the rail auth-

A number of bilateral cross-border rail-based parcels express services have existed for some years, but widely dif-ferent weight limits and parcel dimensions limited large scala co-ordination.

ordination.

Mr Mike Bonsor, marketing manager of British Rail's Red Star and Night Star services, said BR had spotted the potential for an international rail express parcels service and set out to convince European railway systems that it was in their interests to take part.

Mr Bonsor led a campaign to persuade European railway authorities to enter the system, aided by Mr Christian Maucq and Mr Jacques Bernaerts of the Belgian rail express service.

One of the chief selling points of the system is the comparative efficiency of railways over medium distances because of

Recently, Eurail from ferry services

36,000 on parcels entering the UK was removed because of the procedures available at Southend Airport. Items exceeding the value limit were previously liable to delays, which meant Eurail was unable to guarantee next-day delivery.

Mr Bonsor said BR estimated the value of the international market for express permels from

market for express parcels from the UK at about £200m, although no official figures were available. BR currently has only about one per cent of that market, but the corporation is forecasting annual growth in the total market of about 20 per cent a tree count of the corporation of the corpor

Kevin Brown

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Selling goods with transport costs included should increase profits, says one study.

Plea for 'delivered' price

BRITISH manufacturers could win a greater share of Euro-pean markets if goods were delivered at a price inclusive of transport costs, according to a survey carried out by TNT-Ipec, the express freight

carrier.

Mr Jerry Fitchett, director and general manager of TNT-Ipec, says the study supports his own conviction that a switch from free-on-board (fob) and ex-works pricing to a "delivered" system would make economic sense.

Selling on a delivered hasta

Selling on a delivered basis would allow exporters to benefit from the profit margin on transport services which currently goes to hauliers. In addition, large overall savings could result if a single transport operation could serve a number of separate customers on each run. The system would also

allow exporters to schedule transport services more accurately, possibly allowing both importers and manufac-turers to rationalise stock holding and reduce storage

Mr Fitchett says that a number of attempts during the 1970s to promote door-to-door delivery at an all-inclusive price had falled to take root because of a lack of proof that delivered pricing improved company performance.

According to the TNT-Ipec survey, two-thirds of respondents selling delivered experience an increase in sales and orders, and a corresponding increase in workload, he says. It was also notable that many of the more successful European exporters sold on a

European exporters sold on a delivered basis to the UK, freeing customers from the

have the ideal land for you to expand on.

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to better distribution and better business make the first move by calling Stan Judd, Manager,

Speedlink Distribution on 01-723 6249.

The TNT-Ipec survey indicates, however, that two-thirds of British exporters were resisting a switch to delivered terms, giving "tradition" as the main

"Traditions are normally founded on at least a shred of wisdom or logic, but that is not the case in this issue. If British manufacturers were to take their blinkers off, they would find that selling fob to Europe made no real seuse," Mr Fitchett said.

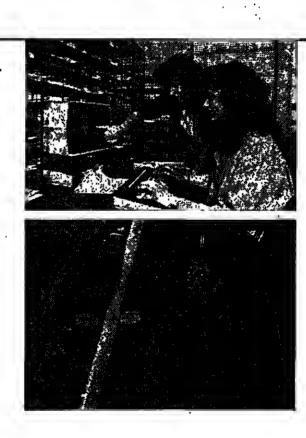
"Fob pricing is highly artificial, as few freight services have a natural break point at the British coast. And if it were not for the customs' insistence that fob values are declared on ex-ports, one wonders whether



Terry Fitchett: door-to-door commonsense

the term would exist at all in modern European distribu-

"Britain's share of overseas trade in manufactured goods would significantly in-crease if more companies door pricing system,"





ARE DISTRIBUTION

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NFC Distribution Group, The Merton Centre, 45 St. Peters Street, Bedford. Tel: (0234) 272222 Telex 826803 A member of the employee-owned ARC National Freight Consortium pic

Speedlink. Rail-roading you to better distribution. If you're looking to become more competitive, Speedlink Distribution could offer the kind of 'rail-roading' you'll welcome with open doors. Speedlink combines the speed and capacity of rail trunking with the flexibility of road delivery. Totally integrated to carry your products and supplies door to door. Rapidly. Securely. Safely. Reliably. We can help you plan and develop a Speedlink system. Is your own siding a possibility? What grants may be available? What vehicles are best suited to your needs? What are the financial benefits? What are the best logistics? We might even

Rail-roading you to better business.

or poor joh has heen performed. It is therefore recommended

that standard costs - the costs

the distribution system based

on DPP — be compared with actual recorded expenses to determine which variances represent areas where the system

For the typical package goods manufacturer, there were at least eight possible distribution paths which a product could

take in moving from the manu-

facturing plans to a store. By using the DPP approach, it was possible to determine, on the

basis of the path along which

the product flowed through the

network, the specific distribu-tion cost of serving a specific

customer. That in turn created an opportunity for a company to reduce its distribution costs. DPP in the distribution con-

text essentially comprises three

groups of costs — warehouse, transport and retail.

On the warehousing side, the

key to accurate costing is said to lie in tracking exactly how

a product goes through the dis-tribution system. For exampla,

a product received by rail produces the additional cost of un-

"Therefore, to determine the true cost of an individual product, it is necessary to know

I've got no worries at all.

we've ever made."

expensive to buy aren't they?"

during the receiving

loading

fficiency," Mr Dell says.

Direct Product Profitability

Chasing the cost factors

APPLICATION OF a concept called DPP — Direct Product Profitability — could open up new opportunities for manufacturers and retailers to further improve the efficiency of their distribution congretions. distribution operations.

That, at least, is the view of certain consultants currently engaged in promoting the idea US some 20 years ago hut which has only recently started to catch on with the greater availability of computer systems to make the analysis of the informand viable proposition.

Basically, say proposents, DPP is a cost allocation or cost accounting procedure, defined as the net profit contribution from sales of products after all allowances are added and all gross margins are subtracted. In that context, distribution is seen as heing just one of the factors involved. However, it is also now heing suggested that DPP can he used to spotlight possibilities for improving the efficiency of distribution activities themselves.

"DPP analysis discloses tha true cost of moving any indi-vidual product from raw raw materials stage to the consumargin per tonne, mer's shopping basket. It which hid a whole tive and other costs that have contribution of that product by traditionally been averaged the time it had been ordered,

ducts," says a spokesman for patched, invoiced and paid for. tion, it is exceedingly difficult UK consultancy company Davies "It will almost containly has to determine whether a good coating less than £3,000.

The rationale for adopting it is claimed, lies in tha fact that many consumer products thought hy company man-agements to be profitable may fact be losing money.

It is possible to determine, on the basis of the path along which the product flows through the network, the distribution cost of serving a specific customer.

Elaborating on that argument. Mr Tim Knowles of consultants Davies and Robson says comopersted on profits which were described in terms of gross margins accurately attributes storage, product-specific factors which handling, selling, administra- could radically affect the net

Mountstevens Ltd, Master Bakers of Bristol, now

"Every driver who hasn't got one yet is on tenterhooks

have ten Mercedes 814s in the fleet with more to come.

popular. And they're certainly popular with me too.

hoping that the next one that arrives will be for him,"

says David Holtum, Managing Director. "They're that

They've been completely reliable and that's crucial in a

daily business like ours. Nobody wants a stale doughnut!

rounding Bristol is extremely hilly. And yet the 814s are

consistently turning in between 15-16 mpg. And that's up

to 2 mpg better than another manufacturer's vehicles

which they replaced.

"It's all stop/start work and the countryside sur-

"It will almost certainly ha the case that some very fast selling lines with low gross margins will produce a better net contribution than some very slow selling lines with high gross margins," Mr Knowles

To illustrate the most obvious factors occurring hetween manufacture or purchase and cash collection which could have an effect on gross margins in such a way as to provide a diffrential net margin for products with no gross differential, Mr Knowles produces the example in the table.

However, while consultants such as Mr Knowles see distri-hntion primarily as one of the factors to be taken into account in a general DPP analysis, others believe the concept can be applied specifically to distrihotion operations.

Puting that casa, Mr Frank Dell, New York-based principal of consultants Cresap. McCor-mick and Paget, which bas offices in tha US, UK and Australla, says most companies operate their distribution systems not from actual costs but from a budget which itself is determined from a forecast movement or sales figure.

"Where variances exist in the actual sales volume and the actual cost of distribuFactors affecting net margins

	Product A	Product B
Value (£/tome)	1,000	850
Weight per pallet (kg)	850	650
Average order size (kg)	2,500	150
inventory level (weeks)	2.5	4.5
Rate of sale (tonnes/week)	100	118
iross margin (mark-up)	10%	10%
iross cash per week (£)	10,000	10,000
Net margin (mark-up)	5.1%	1.3%
Net cash margin (per tonne)	£51	£11.05
Vet cash margin (£/week)	£5,100	£1,304
Source: Cavies and Robson.	,	

Factors that can come into play between manufacture or purchase and collection of cash to produce different net margins for products with the same gross margins are shown here. Though distribution is but one factor, DPP can be used to examine its efficiency and show where savings can be made

exactly how it is received and processed through the ware-house or distribution centre," Mr Dell says.

Other factors to be taken into account as far as warehousing is concerned include direct labour, the costs of space and equipment, and the carrying cost of the product in inventory.

The direct product cost for transport, Mr Dell says, includes the direct cost of labour, equip-ment, fuel and supplies. In the food industry these were deter-minad primarily by cubic capacity, not weight, because in moving from warehouse store, most trucks tended reach maximum load capacity on cuha rather than waight. On retail direct product cost, Mr Dell says the cost for the store consists of the same basic elements as for the warehouse

we started having serious problems with their engines at

45,000 miles and that's what our oldest Mercedes has just

"However, because it's a Mercedes,

'Now I can hear people out there reading

this and saying 'Yeah, fine, but they're much more

"Well, they certainly weren't the cheapest available

but the running cost and reliability equation tips the

scales right over. In transport, they're the best decision

direct lahour, occupancy and inventory. The one notable dif-ference is that for retail direct is based on display square feet not the amount of cube

DPP, Mr Dell says, should be nsed as a means of comparing costs and also of identifying opportunities for making cost

To illustrate that point, ba quotes the example of a US sweets wholesaler for which he recently carried out a study. By changing the location of some fast-moving products within the company'a warehouse to cut down the time staff spent collecting them, a saving of some \$25,000 a year had been

Phillip Hastings

Expansion after the watershed

Profile: NFC

THE LAST year bas turned out to he something of a watershed for Mr Richard Lovell, the former managing director of NFC Distribution Group, part of the employee-owned National Freight Corporation.

It was Mr Lovell who guided the group through its first full year of operations in an environment described as "a genuine restructuring of part of British industry." But as part of the NFC policy of giving senior managers experience in all parts of the Corporation's business, he now finds himself head of the Pickfords removals and husiness travel surhsidiary.

Before leaving for his ob. Mr Lovell announced that NFC Distribution Group had recorded £9m-worth of new husiness in its first full year, and claimed it was heading for 10 per cent of the UK distribution

market by mld-1987.
This would imply a turnover of about £175m next year, an increase of 75 per cent on the current year, and a major ex-pansion by any standards. So what is the rationale behind the formation of NFC Distribution Group, and what is the strategy mapped ont by Mr Lovell for the immediate future?

The trigger for the creation of the group was Unilever's de-cision to withdraw from distribution by selling its SPD subsidiary. SPD was one of the higgest names in the industry. but its performance had heen weakened in recent years hy a trend among other Unilever subsidiaries towards handling their own distribution services.

Turnover had fallen from a peak of £120m seven years ago to about £60m at the time it was put np for sale. NFC bought the business to add credibility to its own BRS subsidiary, hut found major economies were necessary to bring SPD into 1986 at hreak-even point. Having acquired SPD, NFC embarked on a major reorgani-

sation of its distribution sub-sidiaries, creating four discrete operating companies specialis-ing in different areas of the industry.

These are SPD, which is trong in industrial and retrigerated distribution; SPD Contract Distribution, offering services to retailers; Carrycare, which specialises in high-value consumer goods; and GDS, supplying confectionery and small retail outlets. In addition, NFC Consulting

Group offers workstudy and computer systems advice to both in-house operations and outside Mr David Bell, general sales manager of NFC Distribution

Group, said SPD, which provides

shared distribution facilities

of the increased business recorded last year, with a of new Whithread including Whithread Take Home, Scottish and Newcastle Breweries, Kraft, and Pizza

The rest of last year's organic growth came from tha Carrycare and GDS divisions, which each added about £1m to

turnover. Mr Bell said the group expected to add "significantly" to its dedicated distribution contracts in the coming year.

"Dedicated distribution con tracts are multi-million pound deals which involve long and complex preparation to complete," he said.

"In the faster developed sectors of our business, growth has been visibly huoyant. Increasingly active selling for each of our three sbared distribution companies is providing a steady source of new husi-ness, a situation reflected hy their performance figures."

The scope for substantial expansion through growth of this kind is regarded as limited by Mr Lovell, however, and the strategy mapped out by him envisages a series of acquisitions designed to increase the scale of the husiness.

The increasing distasta for involvement in the distribution husinass on the part of non-specialists is regarded by NFC Distribution Group as an oppor-tunity to expand turnover relatively cheaply.

The immediate focus is on the temperature-controlled sector. The group recently bought Aloine Refrigerated Deliveries, which includes Findus and customers, and is due to acquire the distribution activities Birds Eye Walls at the heginniog of next year.

Further acquisitions are expected next year as more medium-sized companies follow the trend towards divesting themselves of distribution operations, Mr Lovell says these transactions will be financed internally, rather than by direct borrowing.

Taking advantage of this pro-cess of disengagement can cause industrial relations difficulties as newly-acquired businesses are restructured, and obviously commits NFC to providing a better, cheaper service than was previously available to the

parent company.

The second objective should usually be achievable for a distribution specialist, however: and NFC's employee ownership structure—which is always ex-tended to cover acquisitions gives it at least a bead start in persuading employees to accept restructuring proposals.

Kevin Brown

Emphasis on speed

CONTINUED FROM PAGE)

retailers consolidation warehouses and on to stores within

24 hours.

The market leader in the
switch by retailers to consolidation warehouses has heen
the Sainsbury's group, which
has about 20 distribution
centres in England of which
four, in the London and SouthEast, supply 45 per cent of
throughput. Some are run
direct by Sainsbury's, others by
contractors, such as tha £12.5m
depot at Yate, near Bristol,
operated hy NFC.

Mr David Quarmby, director
of distribution for Sainsbury's,
says the development which
made centralisation and the
switch to contract distributors
possible was the application of
computer systems.

"What the systems enable us
to do is control distribution
through the information available, rather than having to do
it courselves," ha says.

"With contract distribution
we are able to control what
goes on in our contract warehouses every bit as closely as
we are able to control what
goes on in the Sainshury'scowned warehouses. They have
all got computer systems, and
we can sit at our screens in
head office and interrogate them
irrespective of whether it is a
contract depot or a Sainshury's
depot."

In whole or in part in a number
of operations.

The sheer amount of investment required has militated
against the widespread introduction of such systems. In
addition, the complex roganisation of multi-customer warebouses often means that there
is little scope for mechanised
by Prism Logistics, for instance,
puter swidespread use of computer software for planning and
organisation purposes, hut the
management says the techmology is not available for
fexible such as the all store
is little scope for mechanised
by Prism Logistics, for instance,
puter software for planning and
organisation purposes, hut the
mology is not available for
fexible systems enable us
to do is control what
goes on in our contract warehouses every bit as closely as
we are able to control what
goes on in the Sainshury's
completed the new facility operated
by Prism Logistics, for instance,
fure is widesp

spend on developing super-markets than we do on money

According to Mr Richard Lovell, who until recently was managing director of NFC Distribution Group, these have hrought ahout a "quantum leap" in stock rotation, stock control, loading and delivery schedules, allowing retailers to demand much more sophisticated distribution services, he says.

Mr Lovell believes that the future of the industry lies in stock list distribution, using the bar coding systems which have already become widespread in retailing and distribution. This will probably require manufacturers to maintain one or two major warehouses from which loads can be moved to retailers' consolidation warehouses and on to stores within 24 hours.

The market leader in the switch by retailers to company the place in distribution services, and this is a created "a real market place in distribution services, and this is a market place in transport over many years, but there has not until recently been a market for total, professional, distribution services, including both warehousing and transport."

On the technical side of the distribution industry, outside computer applications, there have been few major changes in the last year. Automated warehouses and sorting systems are available, and are in use in whole or in part in a number of operations.

The switch by retailers into warehouses."

The switch by retailers into distribution has created "a real market place in distribution services, market place in transport over many years, but there has not until recently been a market for total, professional, distribution services, including both warehousing and transport."

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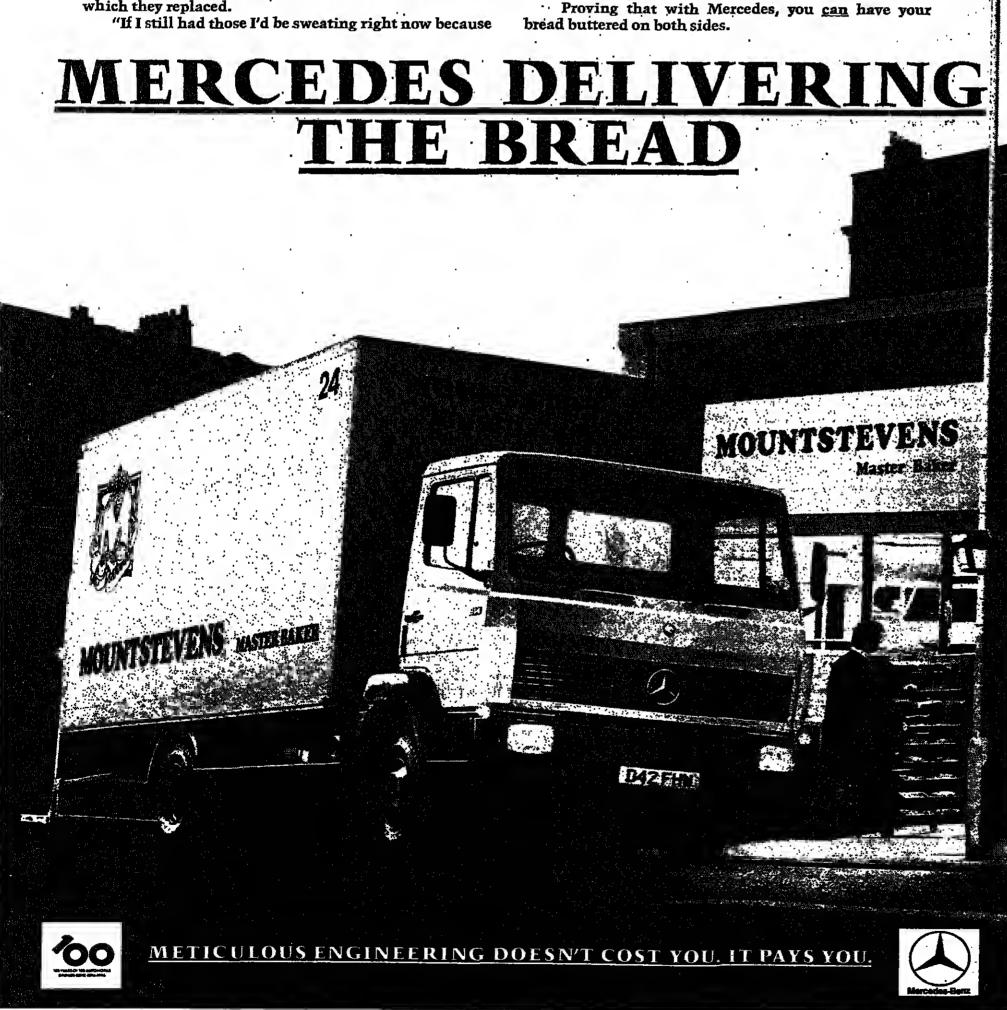
The switch by retailers to control distribution services, market place in distribution services, market place in transport over many years, but there has not until recently been a market for total, professional, distribution services, ma

to do is control distribution through the information available, rather than having to do it ourselves," ha says.

"With contract distribution we are able to control what goes on in our contract warehouses every bit as closely as we are able to control what goes on in the Sainshury's owned warehouses. They have all got computer systems, and we can sit at our screens in head office and interrogate them irrespective of whether it is a contract depot or a Sainshury's depot."

Mr Quarmby says the opportunity to divert capital into mora productive areas is a major reason for using contract distribution services,

"We are hasically food retailers. We are very successful and profitable at that. We get a better return on the pounds we



Mercedes-Benz (United Kingdom) Limited



Organia Company

Ma Bon Market

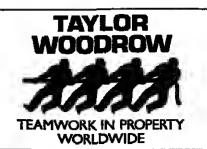
F December 5 kg



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday December 5 1986



Italy says Telit 'must remain public'

By Alan Friedmen in Milan

TELIT, the joint Italian telecommunications equipment company which could result from the proposed merger of the state-owned Italtel and the Fiat group's Telettra subsidiary, must remain "in public hands," Mr Clell Darida, Italy's Minister for State Holdings, has de-clared. The minister said that the merged company must be majority controlled by the Italian Government because the telecommunics tions sector is of strategic import-

The Italtel-Telettra merger talks have been under way for most of this year, with final valuations of the two companies now being completed by accountants Price Water-house and Arthur Andersen. The structure of Telit is likely to be 48 per cent Fiat-owned, 48 per cent owned by Mediobanca, the statecontrolled merchant bank.

Mediobanca itself, however, is presently the object of complex discussions between state and private shareholders about the possibility of privatising the bank. Mr Darida said that if Mediobanca were privatised, then another state institution could take its place as a Telit share-

Mr Darida's statement about control of the proposed telecommunications company is part of a growing public discussion of the merger plan. Earlier this week, Sweden's Ericsson expressed interest in opening talks with Telit, once the merger goes through, with the aim of achieving an international alli-

The idea of merging Italtel, with 1985 revenues of L1,228bn (\$898m) and Teletira, with L497bn of 1985 turnover, is to rationalise the sector and create an entity large enough to form international partnerships in the difficult telecommunications

The valuations being prepared are expected to show a substantial difference in value between Italies and Telettra, and before a merger can go ahead on the basis of the presently proposed lines of owner-ship. Fiat and IRI-Stat must satile the amount of financial compensation which the Turin-based Fiat might be expected to pay to achieve

CIBC net income

CANADIAN IMPERIAL Bank of big banks to report fiscal 1986 re-

its energy portfolio are evident

Deutsche Bank to pay bonus dividend on Flick sale profit

DEUTSCHE BANK, the biggest Partial parent company operat-bank in West Germany, is to pay a ing profit, which excludes the bank in West Germany, is to pay a bonus dividend to shareholders this bank's trading activities on its own year because of extraordinary prof- account, rose 54.4 per cent to DM

The bank made DM 1bn (\$507m) pre-tax profits on the flotation, which accounts for virtually all the 38 per cent growth in parent company operating profit for the first 10 months of the year.

Mr F. Wilhelm Christians, bank co-chairman, made it clear how-ever, that the flotation was a one-off and that operating profit could not continue to grow at the same pace

Although the bank is heading for record parent and group operating profits of around DM 4bn and DM 5hn respectively because of the sale, Mr Christians warned that if the Flick flotation was excluded. parent company operating profit for the first 10 months would have ris-

en only 5.1 per cent. Credit Lyonnais details plan

to restructure

By George Graham in Paris

CRÉDIT LYONNAIS, the French

commercial bank, yesterday an-

its activities in a bid to prepare it-

self for privatisation.

The bank, which wednesday launched a FFr 1.5bn (\$232m) per-

petual floating-rate bond to boost

its capital resources, is to regroup

its activities into three main divi-

sions: personal banking, corporate banking and a new capital markets division to be headed by Mr Phi-

lippe Souviron, formerly head of Credit Lyonnais's US operations.

Mr Jean-Maxime Leveque, Crédit. Lyonnais's new chairman, also an-

nounced the creation of a new fi-nancial directorate including a team to prepare the group's privati-sation. The team will be headed by

Mr François Gouyou Beauchamp,

until now head of Credit Lyonnais

nounced a major restructuring of

its from its flotation of the former 2.42bn but would have risen only 2.5 Flick industrial empire.

Deutsche Bank does not publish its operating profit, but it has never denied estimates that put it at DM 3bn for the parent and DM 4bn for the group last year.

Although Mr Christians would

not say how much the bank planned to pay shareholders for this year, he said: We intend because of this special result, to give ourselves and our shareholders a treat" The bank paid an unchanged DM 12 dividend in 1985. His co-chairman, Mr Alfred Herr-

hausen, meanwhile dismissed sug-gestions that the West German economy - forecast variously to grow at between 2 per cent and 3 per cent next year - was underper-

What was important was that the

BY WILLIAM HALL IN NEW YORK

USX, the parent of the big US steel and energy concern which is being pursued by Mr Carl Icahn, the cor-

porate raider, has raised \$526m fol-lowing the successful stock market

flotation of Aristech Chemical, its

USX had announced in October

that it planned to spin-off its entire

chemicals business as part of a res-

tructuring plan designed to en-hance shareholder value and help

defend the company from the un-

welcome overtures of Mr Icahn,

who had offered to buy USX for \$31

His bid has lapsed but Mr Icahn

former chemical operations.

high pay settlements with trade stricted opportunities next year to

make "cost neutral" pay increases. Every DM 1 increase cost an employer more than DM 150 and the employee never saw the full amount anyway. Mr Herrhausen joined the many

calls recently for the government's so far vague DM 40bn tax reform plans for the 1990s to be speeded up. However, he said that the radical tax reform in the US was unsuittoo much tax burden on corpora-

Making the bank's political position clear in the run-up to January's general election, Mr Herrhausen said that he did not believe the tax reform would ever come if there was a change of government in

Mr Christians defended West Germany's light rules on insider

In the early stages of the battle

cent weeks they have been falling plants

USX shares rose to \$28% but in re-

and for a time have been trading

below the \$22.20 average price he paid for his USX stake. The shares rose by \$% to \$22% in early trading

USX announced yesterday that it

had completed the transfer of USS

Chemicals division to Aristech and

the underwritten public offerring of Aristech shares, at \$17.75 per share, bad been closed. Of these shares

USX raises \$526m following

Aristech Chemical flotation

"I see no reason to give up our self-regulation," he said in Düssel unions. There would be only re- dorf, despite recent spectacular cases in New York and London. Insider trading is not a crime in West Germany, but most traders and quoted companies abide by a code of honour forbidding it.

It is not regarded as insider trading to buy or sell because of advance knowledge. The rules normally come into effect only during

West Germany's stock exchanges each have a committee to investigate suspicious share price movements but they cannot use the police. Only three cases have been re-cognised officially in West Germany and the fines merely mean repaying the profits made in the "dishonourable" deal.

Mr Christians said the German system worked because, to a trader the threat of a loss of honour is more awful than the prospect of

Aristech shares rose by \$% to \$18%

Aristech has 11 manufacturing

Mr Thomas Marshall, Aristech's

chief executive and former president of USX's U.S. Diversified

group, said yesterday that the com-

pany will continue to manufacture

and market the same wide range of

chemicals and polymers as did USS

The company has recruited sever-

al outside directors for its board in-

executive of American Re-Insur-

22.5m were sold by USX and 3.375m cluding Mr Ronald Compton, chief

in early trading yesterday.

Coca-Cola unveils plan to repurchase up to 10m shares

BY JAMES BUCHAN IN NEW YORK

producer of soft drinks, yesterday pleased Wall Street with an an-nouncement that it intends to buy back up to 10m shares and gear up on its equity base by as much as

Yesterday's announcement folows the flotation of 51 per cent of Coca Cola Enterprises, its soft drinks bottling subsidiary, in the second largest public stock offering in US market history. The sale renoved some \$2.6bn in debt from Coa-Cola's balance-sheet.

Mr Roberto Goizueta, chief executive of Coca-Cola, said yesterday: "We have always viewed share repurchases favourably, and we be-lieve that whenever our excess cash or debt capacity exceeds our near erm needs, such an action is beneficial to our stockholders.

While the shares to be bought in mount to less than 3 per cent of its

COCA-COLA, the world's higgest outstanding equity, the decision to increase the percentage of debt (net of cash) to 35 per cent of capital, against 25 per cent, appears to herald a large investment programme. Adjusted for the sale of part of the bottling company, the actual

level of net debt at the end of Sep-

tember "was only 8 per cent," Mr Goizueta said. "An increase in the target net debt to capital ratio to 35 per cent represents additional borrowing capacity of over \$1bn, even after com-pletion of the share repurchase pro-

Mr Goizueta said that the additional resources would go to invest-ments "within the company's exist-ing lines of business." Mr Goizueta also said that the company would be retaining more profits in its equi-ty base by reducing the dividend payout ratio from 50 to 40 per cent of earnings.

Carlsberg's UK sales lift United Breweries

BY HILARY BARNES IN COPENHAGEN

CARLSBERG'S growing sales of several markets, and by setting up lager in the UK from beer brewed at the Carlsberg brewery in Nor-thampton contributed handsomely to the profits of the Danish brewing group, United Breweries, in the year ended in September, according

to the annual report.

Net profits at the Northampton brewery were up from £14.1m to £20.3m. Converted at the average exchange rate for the period this equals DKr 253m (\$34m) which compares with group net profits of DKr 375m. No sales figure for the Northampton brewery is provided. United Breweries attributes the

result to the general switch away from traditional beers to lager in the UK, which has contributed to an increase in sales.

The group is planning to increase its brewing interests abroad, both by buying up existing breweries in

new breweries. It will also invest considerable sums in marketing and capacity expansion at its exist ing foreign breweries. In addition to its breweries

Denmark and the UK, the Danish group owns breweries in Italy and Spain, as well as Turkey, Hong Kong, Malaysia and Malawi. Total sales of beer abroad were

last year 10.6m hectolitres, while beer sold in Denmark totalled 4.8m. hl. But the value of beer and mineral waters sold by the Danish brew-eries was DKr 3.34bn, compared with DKr 2.5hn for sales by the foreign breweries.

Sales from the group's non-brew-

Sige head resignation surprises markets

By Alan Friedman in Milan

FTALY'S financial world was shak en yesterday by the unexpected re-signation of Mr Gianmario Roveraro, 50-year-old managing director of Sige, the fast-growing investment bank which is owned by the IMI state medium-term corporate finance group.

Mr Roveraro, who personally built Sige into a major player in the stockmarket in corporate finance, mergers and acquisitions, new issues and unit trust fund manage-ment, gave no reason for his sudden departure. Speculation in Milar. centred around a likely clash of personalities between the low-key 'afr Roveraro and Mr Luigi Arranti, chairman of IML

Mr Roveraro, a charismati c and conservative banker who, has guided the growth of Sige since its inception 12 years ago, wa's known in Italian financial circles as "the gentleman banker". His sudden resignation is considered highly odd in light of the enormy ous success which Sige has been enjoying of late, even to the point of mounting a significant challenge to Mediobanca, the traditional leading Italian

merchant bank. Sige is this year expected to make a L61bn (\$44.6m) profit, more than double the 19.85 level.

Sige has 200 er ployees and last year handled L44,000hn in transac-

Cap Gemini to buy Italian group

CAP GEMINI. Sogeti, the French computer services group, has bought an Italian data processing company to complete its European network.

The French group is taking an 80 per cent stake in Milan-based Gestione Dati, which provides computer services to industry and local ing interests last year were DKr 3.2bn. This includes sales of DKr 1.3bn by Royal Copenhagen, the industrial arts and design group and DKr 1.49bn by Danish Cold Stores.

still holds an 11.4 per cent stake in the company and Wall. Street is waiting to see whether he will rearwhich raised an additional \$55m as ange, Mr Thomas O'Brien, chief executive of PNC Financial Corporation, and Mr Charles W. Parry, simultaneous underwritten public diser executive of Aluminium Comtivate his offer at a lower price or try to sell his shares back to the offerings in the US and Europe. pany of America.

says spirits and wine demand in the US market continued to lag in the third quarter, but the company benefited from higher earnings by

Du Pont Company

Seagram's 22.5 per cent interest in Du Pont was \$37.9m against \$37.6m and equity in Du Pont's unremitted earnings was \$33.6m against

In the nine months Seagram's overall earnings were \$330.5m or \$3.47 a share against \$240.7m or \$2.82 a share.

The drinks business had sales of \$2.3bm against \$2.1bm and profit of \$79.2m against \$99.1m. Dividends from the Du Pout Holding were \$113.7m against \$112.9m and equity in Du Pont's unremitted earnings \$139.8m against \$34.3m.

Seagram raise profits

business were \$868m, against \$810m, and profit was \$43.5m

world's largest hotel group, which last month announced a massive restructuring in order to avoid an unwelcome takeover bid, plans to raise \$700m in after tax proceeds by selling 110 botels.

The sales of the hotels and \$200m.

of other non-botel properties is part of the group's plan to reduce the heavy debt load which it is taking heavy debt load which it is taking on as part of its \$2.8bn recapitalisation plan. Under the plan, Holiday shareholders will receive a cash distribution of \$65 per share in the form of a special dividend and retain ownership of approximately 96

and \$1.4bn at the end of 1991.

botels was in line with the compamy's increasing emphasis on growth through franchise and management arrangements. As a result of the lower number of company-owned rooms, hotel operating income is projected to be \$131m in 1987 and to be roughly the same through 1989. The operating income of the group's gaming business is projected to in-

The group expects net income, in ures reflect pre-tax asset sales gains of \$150m in 1987 falling to \$90m in 1989. These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

4th December, 1986



TOSHIBA CERAMICS CO., LTD.

U.S.\$70,000,000 3³/₄ per cent. Guaranteed Bonds due 1991

with

Warrants

to subscribe for shares of common stock of Toshiba Ceramics Co., Ltd.

Payments of principal and interest on the Bonds being unconditionally and irrevocably guaranteed by

The Mitsui Bank, Limited

Issue Price 100 per cent.

Nomura International Limited

Credit Suisse First Boston Limited Mitsui Finance International Limited

Banca Commerciale Italiana Banque Indosuez

James Capel & Co. **Deutsche Bank Capital Markets Limited** LTCB International Limited

The Nikko Securities Co., (Europe) Ltd. **Tokai International Limited** Wood Gundy Inc.

Daiwa Europe Limited Salomon Brothers International Limited

Banque Bruxelles Lambert S.A. Banque Paribas Capital Markets Limited

Crédit Lyonnais **IBJ International Limited**

Merrill Lynch Capital Markets

Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited

Yamaichi International (Europe) Limited

9

is on

falls to C\$341m By Bernard Simon in Toronto

sult, suffered a drop in net income to C\$341.2m (US\$247m) or C\$2.31 a share, in the year to October 31. from C\$361.3m or C\$2.93 a share a

Mr Levèque has made no secret of his ambition that Crédit Lyonparity with the state. Yesterday, in Turin, Fiat said it was not its policy to comment on statements such as Mr Darida's.

CIBC is the largest creditor of the ailing Calgary oil and gas producer Dome Petroleum, and problems in

Commerce, the last of Canada's six

nals be the first commercial bank to be privatised, and yesterday he pressed for an early flotation to rehad to be delayted because of diffi-culties over valuing its portfolio. The ebullient Crédit Lyonnais chairman risks the irritation of the French Treasury, however, by his continued pressure. A senior Trea-

sury official commented that Credit Lyonnais was "not first on our list, nor second, nor even third." Crèdit Lyonnais is also creating a new subsidiary to manage its investment shareholding. The company will begin with a portfolio of nearly FFr 10bn of industrial holdings and will both manage the group's portfolio and provide an eq-uity finance fund for the banks

Du Pont stake helps

SEAGRAM COMPANY, the distilling group controlled by the Edgar and Charles Broniman interests,

Seagram's third quarter net profit was US\$114.3m or \$1.20 a share, up from \$111.1m or \$1.21 a share on fewer shares outstanding a year earlier. Revenues from the drinks

Holiday plans hotel sale to

raise \$700m By Our New York Staff HOLIDAY CORPORATION, the

per cent of the company.

Mr Michael Rose, Holiday's chief executive, said yesterday that the group's \$2.7bn of debt immediately after the recapitalisation should be reduced to \$1.7bn by the end of 1989

He said that the planned sales of

crease to \$123m in 1987 chiding asset sale gains, to be \$60m in 1987 and remain et approximately that level through 1990, with an increase to \$85m in 1991. The fig-

from the bank's financial results. GULF OME

A SECTION OF THE PERSON NAMED IN

business centers, you expect the finest in hotel Gulf, you choose Sheraton. For key locations near commercial, government and shopping districts. For 24-hour room service, special executive services and the latest conference facilities. For superb dining and entertainment. For refreshing pools and health clubs. Sheraton hospitality and services are valuable resources on successful business trips. When

you come to the Gulf, come to Sheroton.

ABU DHABI, U.A.E., ABU DHABI SHERATON DOHA, QATAR, DOHA SHERATON HOTEL DUBAI, U.A.E., DUBAI SHERATON HOTEL KUWAIT CITY, KUWAIT, KUWAIT SHERATON HOTEL MANAMA, BAHRAIN, BAHRAIN SHERATON MUSCAT, OMAN, OMAN SHERATON HOTEL (NOW OPEN)

RIVADH, SAUDI ARABIA, ATALLAH SHERATON

@ 1986 The Sheraton Corporation

Sheraton CALITOIL-FREENTHEUK 0800-35.35.35 Or your Trovel Agent Swiss Re.

1985 Results

Premium income - all classes

Investment and other financial income

Dividend per non-voting share Sw.frs.

Other income and outgo including taxes

Profit applicable to minority shareholders

Net Life insurance in force.

Group capital funds shown

Consolidated net profit

Consolidated net profit

Consolidated net profit

per non-voting share

Swiss Re. Zurich

Dividend per share

Total dividend

Swiss Re Group

Gross premiums

Underwriting results

Non-Life inaurance

Net premiums

Life insurance

copper

mounts

group's loss

By Victor Mallet in Lusaka

ZAMBIA Consolidated Copper

Mines (ZCCM), the mainstay of the Zambian economy, suffered

a sharply wider net loss of 146m kwacha (\$10m) for the three months to September, compared

months to September, compared with K68m, and blamed a fall in copper production on continuing shortages of spare parts and materials.

The state-controlled company

said copper production fell to 114,233 tonnes from 116,228 tonnes in the June quarter and 118,175 tonnes in the comparable three months of 1985. Cobalt

three months of 1985. Cobait production of 868 tonnes was down 28 per cent from a year earlier and lead production fell 24 per cent to 1,798 tonnes.

ZCCM has been hard int by the low world price of copper and hy Zambia's chronic shortage of foreign exchange. The company has emharked on a five-year rehabilite. Programme involving mine closures

gramme involving mine closures

and redundancies in an effort

INTERNATIONAL COMPANIES and FINANCE

Terry Dodsworth looks at the Japanese company's European ambitions Zambian

NEC plots long-term chip strategy

NEC of Japan's recent decision to put 580m (\$114.7m) into a mouth put 180m (\$114.7m) into a throughput of about 6m chips a mouth, enough to support the plant at Livingston in Scotland is a clear sign that a new chapter is opening in the Euro's pean chip industry. It indicates that the Japanese are prepared to brush aside the immediate problem of low or zero profitations. It is designed for a about 6m chips throughput of about 6m chips a support the cassembly operations of both its existing three-stone that the Japanese are prepared to brush aside the immediate problem of low or zero profitation line is designed for a about 6m chips throughput of about 6m chips a support the cassette recorders, televisions, electronic typewriters and motor cars, commonly have to show that 60 per cent of their products are made in the EEC. These companies, manufacturing items such as video cassette recorders, televisions, electronic typewriters and motor cars, commonly have to show that 60 per cent of their products are made in the EEC.

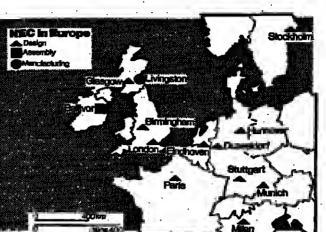
new semiconductor fabrication plant et Livingston in Scotland is e clear sign that a new chapter is opening in the European chip industry. It indicates that the Japanese are prepared to brush aside the kmmediate problem of low or zero profitability in the semiconductor industry in return for a longiterm stake in Europe; and it will increase pressure on the feeble indigenous European feeble indigenous European manufacturers as well as the

embsttled Americans. The build-up of Japanese chip manufacturing in Europe has come over a reasonably short period of time. NEC, which last year inched shead of Motorola of the US as the largest semiconductor producer in the world, established its first office in the UK as re-cently as 1977. It has started cently as 1977. It has started in West Germany only six years before. Nine years ago, its British sales amounted to only £600,000 (\$858,000); this year, they will rise to about £50m, while in the whole of Western Europe they should amount to approximately £250m.

These sales figures mean that NEG is now taking roughly 3 to 4 per cent of UK and West European markets. At this level of penetration, the company might well be hard put to institute a rolling of level many. justify e policy of local manu-facturing, particularly in the low value-added memory chips which are virtually commodity items these days, and which depend for their profitability on the economics of large-scale production. NEC, however, has

First, the Japanese group is intent on pushing up its local market share over the next four to five years to between 7 and 10 per cent. At these sort of levels manufacturing in Europe will begin to make sense economically.

The new Livingston fabrica- producers setting up in the



another fabrication line. "The shole philosophy is to make Livingston into the supplier plant for Europe," says Mr Robert Giddy, general manager of NEC UK.

Third which he with the following yen over they yen over the past 18 months. Some analysts believe that this Second, as NEC's position in

the EEC strengthens, it will become more important to the company to avoid the barriers on imports erected by the EEC. One of these is the 14 per cent tariff on all semiconductor imports, which is borne equally hy all foreign companies exporting to Europe.

Another, an increasingly important limitation for the Japanese is the local content rules being imposed on Jepanese consumer electronics

factor caused NEC to bring for-ward its Livingston plans than originally Fourth, there are some mar-

Third is the currency issue, which has become much more vital to Japanese companies following the sharp rise in the

keting edvantages for NEC in having a European manufacturing facility close to the point of sale in the EEC. The characteristics of the European market are somewhat different from those of Japan, where the main volume of sales is in chips for the consumer elec-

the world. In Europe, a mar-ket about half the size of Japan's et an estimated \$5.2bn this year egainst \$10.6bn, the emphasis is more heavily on personal computers and tele-

communications products.

"If we control the factory
we can get the products to the
market faster and satisfy customer requirements more easily," says Mr Adam Harris, marketing and planning manager of NEC UK.

NEC is also trying to move NEC is also trying to move closer to its customers in one other respect. Over the past two years, the company has begun to pump money into the development of semi-custom products - chips which have some characteristics which are specific to a particular client. Called Application Specific In-tegrated Circuits (ASICs), these semiconductors now represent the most dynamic part of the market. According to Mr Harris, NEC expects about 19 per cent of the world sales in semiconductors to be captured by ASIC products hy 1990, and as much as 21 per cent in the UK.

to improve efficiency and boost falling production. Copper earns about 90 per of Zambia's foreign Investment in this sector is going into design centres where clients can "customise" their currency but reserves are near-ing exhaustion and the mining industry is vulnerable to sancchips — a process in which some key items on the semiconindustry is vulnerable to sanctions against South Africa
The average price for copper rose to K8.577 per tonne in the last quarter from K3.299 e year earlier, because of the depreciation of the Zambian currency. Metal trading profits rose to K111m from K30m but exchange losses, interest and ductor are adapted to specia-lised needs, while the rest is built to a standard pattern.

Because ASICs currently account for less than 10 per cent of the chip market, it will probably not make sense for NEC to make these products et Livingston for some time. But in due course, Europeans can expect to see NEC developing a full spread of product manufecturing for the EEC; and where NEC leads, other Jepanese companies may not he far behind. Both Hitachi and Toshibe are said to be consider ing fabrication plants to edd to their own European assembly businesses.

BankAmerica to shut eight HK offices

exchange losses, interest and tax brought about the net loss.

BANK OF AMERICA is to close eight of its 11 retail offices in Hong Kong in a further move to streamline its operations, AP-DJ reports from Hong It is to shed 160 of its 1,180 staff,

New Zealand brewer ahead

LION CORPORATION, New Zealand'a largest brewer, increased net profits for the six months to September by 33.8 per cent to NZ\$18.9m (US\$9.6m), AP-DJ reports from Wellington.

Sales rose 18.4 per cent to NZ\$438.9m, while at the pre-tax stage earnings rose 52.5 per cent to NZ\$33.6m.

In millions of Swiss francs

9,956

- 493

1.080

-459

_ 10

1,605

248.-

49.--:

70

120-

Swfrs.

Swirs.

145

27

1985

11,149 11,532

173,101 189,723

1984

9,815

-528

1,050

-471

234.-

47.-

115.-

78

Kingdom of Sweden

U.S. \$750,000,000

Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 5th December, 1986 to 5th June, 1987 the Notes will carry an Interest Rate of 61/161/2 per annum. Interest payable on 5th. June, 1987 will amount to U.S.\$312-81 per U.S.\$10,000 Note.

Morgan Guaranty Trust Company of New York

A Financial Times Sarvey

Walter H. Diehl, Chairman:

The financial strength of the Com-pany has been considerably rein-forced. This reflects two share capital increases and the favourable result for the 1985 business year.

Underlying profitability has clearly Improved, since the underwriting loss has noticeably reduced whilst the financial result has further increased.

In total the 1985 result of the Swiss Re

enables payment of a higher divi-dend on the increased share capital.

This positive overall assessment is borne out by the results of the Swiss Re Group for 1985 as well as by

experience so far in the 1986 busi-

The full Annual Report for 1985 (from which this aummary is taken) is evallable from

Swiss Reinsurance Company, P.O. Box, CH-8022 Zurieh

REGIONAL DEVELOPMENT

The Financial Times proposes to publish a survey on the above on MONDAY **JANUARY 19 1987** For further information

ANDREW WOOD on 01-248 5116 FINANCIAL TIMES Europe's Business Newspaper

please contact:

Bonuskor returns to profit

BY JIM JONES IN JOHANNESBURG

figures have not been dis- declared.

the troubled closed. South African industrial hold-ing company, shed most of its lossmaking interests and returned to profits in the six months to September. Operating earnings before dividend income were R2.05m

12000

The company is 41 per cent owned by Volkskas bank. Rembrandt, the tobacco group, and Lifegro, the insurance company, each bold 25 per cent. First-half earnings per share wera 14.2 cents and an interim. (\$926,500) and the interim pre- were 14.2 cents and an interim tax profit was R3m. Turnover dividend of 5 cents has been

Trading halted in Bombay BY OUR BOMBAY CORRESPONDENT

IRADING on the Bombay Stock to Exchange, India's largest, has been suspended from today because of what market authorities describa as

abnormal conditions. Share values fell further yesterday despite a suspension earlier in the week of forward trading. The BSE index of 30 bond issue on the grounds leading issues fell 3.88 points volatility in its share price.

to 486.70, bringing the decline to more than 10 per cent in the past four weeks, In New Delhi e shareholder in Reliance Industries, the subject of much share speculation. bas won a court order delaying a Rs 5bn (\$381.1m) convertible bond issue on the grounds of

あいたか 東京を大声 なが インガ (A) 10 mm という

Yamaichi International (America), Inc.

a wholly owned subsidiary of Yamaichi Securities Co., Ltd.

is pleased to announce the inauguration of trading operations today as a member of the New York Stock Exchange.

Member SIPC

This move is a continuation of the 33-year commitment by Yamaichi Securities to investment in the U.S. As a member of the Tokyo Stock Exchange, and through its wholly owned subsidiaries who are members of the London and a number of other major international Stock Exchanges, Yamaichi Securities seeks to provide customers with better

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\$1,047,068,308

Safeway Stores Holdings Corporation

a newly formed corporation organized by

Kohlberg Kravis Roberts & Co.

to effect the acquisition of

Safeway Stores, Incorporated

\$750,000,000 11¾% Senior Subordinated Notes due 1996

\$250,000,000 12% Subordinated Debentures due 1998 (Interest payable May 15 and November 15)

450,000 Shares Adjustable Rate Cumulative Exchangeable Preferred Stock

99,000 Limited Partnership Interests

Which Will Acquire and Hold Warrants to Purchase 13,928,000 Shares of Common Stock of **Safeway Stores Holdings Corporation.**

Drexel Burnham Lambert INCORPORATED

November 1986

W German syndicate feels chill

THE WIND of change blowing through West Germany's Government bond market has taken on an autumn chill.

Over 90 West German and foreign financial institutious are jostling in the exclusive syndicate that underwrites German Government bond issues man Government bond issues maturities, can be traded two at three times during their as a result of last June's deci-sion to let 20 foreign banks join tha club, composed until then exclusively of domestic institutions. While the debate about increasing the membership has died down, bankers are only now beginning to

The pressures for expanding the syndicate from 73 German members were probably un-avoidable — though by no means all the existing players were enthusiastic about the ides. Frankfurt could not isolate itself from the worldwida tide of financial deregulation, even if some outsiders still think the pace of changa there seems slower than in

ernment securities was prob-ably as important as tha Bundesbank's wish to keep up with deregulation abroad in the decision to Foroigners have been on a giddy West German Govern-ment bond buying sproe, spurred partly by the prospect of foreign exchange gains and partly by earlier regulatory changes. As a result, foreign banks bave bocome increasingly keen to sbare in what they bavo seen as their German counterparts' easy profits in selling bonds to investors abroad.

The decision in August 1984 to drop the 25 per cent with gover bolding tax on bearer bonds set year.

or three times during their lifespans.

Since the repeal of with-holding tax, foreignors have switched wholebeartedly to tho much more liquid, and consequently safer, government bond market. They bought a not DM16bn of fedoral bonds in the

larger share of a smaller cake.
Mr Kohl's conservativo govornment bes been tightening its
belt, with the result that net new public borrowing has declined sharply from a 1981 peak of DM 70bn to an estimated DM 40bn this year.

Complaints by West Gorman members of the bond syndicate the size of each regular government long-term bond issue from DM 2.5bn a year ago to DM 4bn.

Haig Simonian examines the after-effects of the opening up to foreign financial institutions of the exclusive West German syndicate that underwrites government bond issues

Some DM29-30bn of long-term federal government bonds reserved for foreigners have boen issued so far this year, with one more issue on the cards before year ond. By con-trast, the Bonn government bas raised only about DM21bn in other types of bond reserved for resident investors. The sheer volume of foreign

buying has altered sharply the relative sbares of bonds and Schuldschoindarleben in tho West German Government's overall borrowing mix, to the expense of the latter. From a position of approximate parity, their share is expected to fall well below 40 por cont of gross government horrowing this

foreign bond been taking o buyers have

ebout dilution bave been atten-

there seems slower than in some other financial centres.

The extraordinary degree of foreign interest in German Gov-foreign interest in German Gov-Some DM29-30bn of long-some degree of foreign interest in German Gov-Some DM29-30bn of long-some degree of foreign interest in German Gov-Some DM29-30bn of long-some degree degree of long-some degree of long-some degree of long-some degre federal government debt is not, in itself, o cause for alarm. The copo with the offects of foreign demand in the past, most frequontly for the currency itself. Also es portfolios are divarsified, foreign investors are playing a larger port in e number of national dobt markets, not-

ably the US. bas become increasingly depen-dent on foreign purchases to finance the budget deficit. West dent on loreign.

finance the budget deficit. West
finance the budget deficit. West
Germany's economic fundamentals are wholly different.

"The two countries are mirror
images of one another." says assets abroad, be thoy US
Mr Juergen Mann of Morgan
Treasury Bonds or high coupon
Euromarket Issues.

that the West German Govern-ment is issuing bonds partly to meet the foreign demand. Thet may be very well for the moment, but bankers are al-ready growing concerned about the prospects of a massive sell-off should foreigners become much less bullish about the

The upsurge in foreign buying bas also upset traditional yield relationships between different types of German fin-ancial instruments. Yield differentials between government bonds and Schuldschdeindar-lehen tend to be volatile as the latter are often used as assets by banks issuing com-munal bonds.

The effect of foreign buying gins between long-term gov-ernment bonds and those issued by banks. These have widoned dramatically from the traditional 20-40 basis points to up to 120 basis points this year as o result of the foreign investors' concentration on government issues. The poorer yields of between

6-81 per cent for long-term public sector bonds mean domestic investors have turned away from the market to look for higher returns elsewhere. in similar quality issues from banks and mortgago banks issuing communal obligations, But whereas the US Treasury which foreign investors, now to the West German market, have tended to overlook. But more often, the beneficiaries of West

Canada eases rules on dealer ownership

BY BERNARD SIMON IN TORONTO

CANADIAN BANKS and trust trust companies, insurance comcompanies are to be allowed panies and securities dealers, for the first time, to take full They are expected to lead to control of domestic securities formal alliances between several dealers. But widor participa- of Canada's best-known financial tion by foreign firms in the institutions. The concessions to the banks securities industry is to be dolayed, undor new rules and trust companies differ prepared by the Ontario Govern-

The latest regulations, which were leaked to the local press Canadian Government circles before yesterday's formal anthat the six big domestic banks nouncoment, will dramatically should have access to corporate close the gap botween the four underwriting and distribution "pillars" which have characterised the Canadian financial abreast of other multinational services industry, namely banks, financial institutions.

New Issue

markedly from proposals out-lined earlier this year. They reflect a growing awareness in

The Ontario Government, which regulates the Torontobased socurities industry, and the fedoral government, which supervises the banks, agreed on the rules earlier this week.

Ontario authorities propose last June that the banks should be allowed no more than a sub-stantial minority interest in time, it suggested that a limited number of foreign firms should be licensed in Ontario and that the ceiling on single foreign ahareholdings in Canadian dealers should be lifted from 10 per cent to 30 por cent.

The provincial government was expected to announce that the concessions to foreign in-terests originally due to be immentod on January 1 --- will bo delayed for a year.

Pressure on the authorities to allow banks full access to the securities industry became irresistible last month when Bank of Nova Scotia said that it had taken advantage of a relaxed regulatory climate in Quebec and a loophole in the Federal Bank act to set up a wbollyowned, full-service securities

These Notes having been sold, this announcement appears as a matter of record only.

December, 1986



The Long-Term Credit Bank of Japan, Limited

(Kabushiki Kaisha Nippon Choki Shinyo Ginko) (A Japanese Corporation)

ECU70.000.000

73/4% Notes Due 1991 Issue Price 100% per cent.

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Morgan Guaranty Ltd

Salomon Brothers International Limited

Société Générale

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

London said to lead in global market

By Roderick Oram in Boca Raton, Florida

LONDON HAS "leapfrogged over the US and Japan" to become the best positioned market to capitalise on the globalisation of the securities industry, Mr James Robinson. chairman ' American

enairman of American Express, said yesterday. With the revolutionary changes wrought by Big Bang, London had bravely taken on the risks of thrusting itself to the forefront, he told the annual meeting of the US Securities Industry Associa-

In contrast, the US "had failed to face the reality" of the fast changing financial markets. After six years of debate in the US Congress over the Glass-Stengall Act and other regulatory and other regulatory measures, "nothing had changed in law although

there was constantly change in the marketplace."

Fie blamed Congress's inability to act on the lobbying of special interest groups intent on maintaining the the present status one or oblight. the present status que, which separates commercial banks from investment banks among other demarcations.
"Congress must rise above

parechial interests and unshacklo the financial services industry from existing regu-lations where they serve no real purpose," Mr Robinson said.

Existing rules were the Existing rules were the "regulatory version of the Maginot Line which had little effect in carbing these companies "with the re-sources to outlank the defences."

Bold actions by some firms have already changed the nature of the business so the securities industry should get its act together" to ensure that a more realistic environment is established. Banking, insurance and securities firms should have equal opportunity to offer financial products to the public.

Although the entry of new players into the market would pose considerable challenges to existing firms, the result-ing competition would re-establish the US industry's competitiveness in global

Mr Robinson's view of the Glass-Steagall Act, which was originally drawn up in the 1930s to separate commorcial banking from investment banking, was shared by Mr Frederick Joseph, chief executive of Drexel Burnham Lambert, a leading Wall Street Investment Sur Street investment firm.

The Act has become like a piece of "Swiss cheese" as many of its provisions have been weakened by the aggressive exploitation of gaps by financial groups.

Henderson Land arranges paper facility

HENDERSON Land Develop-ment is planning a HK\$300m commercial paper programme. The five-year facility will allow Henderson Properties Finance Ltd, its wholly-owned subsidiary, to issue three-month discounted bills of

month discounted this of exchange through competitive bidding.

The underwriting margin is set at \(\frac{1}{2}\) percentage point over three-month Hong Kong interbank offered rate, Hiber. The underwriting fee is 1 per cent

per annum.
Lead managers Paribas
Asia Ltd and American
Express International Banking are recruiting co-man agers to underwrite the

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AMSTERDAM



FINANCIAL TIMES EUROPES BUSINESS NEWSPAPER



Demand continues to grow for fixed-rate Eurobonds

FIXED-RATE dollar Eurobonds yesterday continued to ignore the termoid in the floating-rate note soctor, and met a growing amount of demand from retail invostors.

Secondary market prices rose modestly, with investors in-

torest appearing to extend into longer maturities than bas been seon of late. The primary mar-ket continued to absorb new paper ovon though some of this weak's deals have met an un-

welcoming response because of their pricing.

Three straight dollar bonds were launched. Toyo Trust In-ternational led its first Eurobond issue, s \$100m deal for Toyo Trust Asia with the gnarantee of Toyo Trust and

gnarantee of Toyo Trust and Banking, its parent.

The five-year issue carries e coupon of 7½ per cent and a price of 101½, giving e spread over US Treasuries at launeb of 80 basis points. It was partially placed in Tokyo early in the day and was being quoted by the lead manager et discounts equal to the total fees.

City of Osio. a triple A rated borrower, made e \$1.50m issue led by Bank of Tokyo Inter-

led by Bank of Tokyo Inter-national. The 10-year issue was priced at 1011 with a coupon of 71 per cent and hod a spread over Treasuries of 75 basis points. The deal was seen by most dealors as quite sensibly priced and was quoted within

maintoin majority ownership of the issuer and to keep its not

worth positivo. The deal, with a 71 per cent coupon and a price of 1012, was launched at a margin over



Treasuries of 64 basis points and was viewed as too tightly priced given the lack of a parent company guarantee, which would have given it a triple A rating. It was quoted at discounts wider than tha

Among other recent deals, the \$247m issue for European Atomic Energy Commission
was languishing woll outside
its fees, but the \$175m deal for
Societe Nationale des Chemins de Fer, launched late on Wednesday, met a reasonabla reception.

A convertible Eurosterling were no issue was launchod for Next, trading.

Mitsubishi Corporation Finance, the UK financing subsidiary of Mitsublabi, raised stidiary of Mitsublabi, raised by Morgan Guaranty. The issue lacks a parent company guarantee, but is supported by a "keepwell" agreement under which Mitsubishi undertakes to maintoin majority ownorship of

ami ino

The 15; year deal, which was trading well above its par issue price, was assigned a 62 per cent coupon, the low end of its indicated range, and a 23.3 per cent conversion premium at the high end of the early

In Switzerland, bond prices were little changed but in quite active business. The SFr 175m 10-year issue for Inter-American Development Bank was set with a 5 per cent course and a price. a 5 per cent coupon and a price of 991 by load managor Union Bank of Switzerland, which bad previously indicated 5 por cent.

previously indicated 5 por cent.

The SF 165m issue for Genoral Motors—priced at par and not 100½ as was originally reported by the lead manager—was going well.

A SFr 50m privata placement with equity warrants was launched for Takashimaya, a Japanese department store Japanese department store group, with a maturity of five years and indicated yield of 24 per cent, led by UBS.

In West Germany, bond prices were narrowly mixed in thin

Yves St Laurent raises \$465m

BY OUR EUROMARKETS CORRESPONDENT

YVES ST LAURENT, the of America and its financing points above London interbank subsidiary Prudentail Funding points above London interbank offered rates.

The Choltenham and Charles of the Ritz from Squibb. the US pharmaceuticals group. the US pharmaceuticals group.

Details of what is understood to be a complex package of

crodit facilities were not dis-closed yesterday. It is being allow the borrower to draw closed yesterday. It is being advances as well as providing credit Suisse First Boston, an uncommitted option to invito Banque Indosuez, Banquo blds for advances in other Nationale de Paris and Credit currencies.

among non-US syndicated amor relationship banks. The four-year facility will

advances as well as providing an uncommitted option to invito blds for advances in other

become what is believed to be the first building society to arrange a financing which allows it to borrow in a currency other than sterling. This will be allowed from January 1, when a new law governing building socioties comes into effect. It has mandated Citicorp as dealor for a £100m Euro-Sulsse.

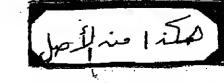
The commitment fee on undealor for a £100m EuroThe deal is one of a clutch of now loan deals currently points for the first two years with an option to issue CDs in emerging. Prudential Insurance and 7½ thereafter. The margin dollars from January.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. US DOLLAR

BYBER STRAIGHTS | John | BM | BYM | ABFER | ABFER

9756 95.25 96.25 96.25 96.25 91.23 100.29 101.55 99.25 100.63 100.25 99.26 97.39 97.39 97.39 97.34 97.34 97.34 97.34 97.36 97.36 97.36 97.36 97.36 97.36 97.36



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ERVICE

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A STATE OF THE STA

Earnings plunge at Litton **Industries**

LITTON INDUSTRIES, the California-based electronics conglomerate, saw its earnings plunge by over 20 per cent in the first quarter ended October 31.

Net profits amounted to \$34.35m, equal to \$1.26 a share, compared with \$43.67m or \$1.56 a share in the corresponding period of 1985. Sales declined fractionally from \$1.1bn to

The company blamed the reverse on e drop in interest income and on reduced sales and operating profits of its resource exploration services divisions. The directors added, however, that the divisions nonetheless remained profitable in the severely depressed oil services market.

Net profits for the full fiscal year ended in July amounted to \$71.1m or \$2.52 a share - down sharply from the previous year's \$292.7m or \$7.20 a share.

investor group may raise Viacom stake

AN INVESTOR group including National Amusements and Mr Sumner Redstone, its chairman, has sought anti-trust clearance to raise its stake in Viacom International, the US broadcasting and cable TV group, to 49.9 per cent, Our Finan-cial Staff writes.

The group already holds 19.8 per cent but is not promising to make any specific proposal or deal.

5% USG stake for \$139.6m

INTL. COMPANIES AND FINANCE

The share buyback comes five stituted "greenmail". USG said that the shares had been bought at mara similar corporate raid on mason- ket prices. shareholder is treated on a more fa- years. vourable basis than the rest of a

company's shareholders.

BELZBERG family of Canada, a group of corporate raiders, has sold a near 5 per cent stake in USG Corporation, the biggest US gypsum producer, back to the company for share with the stares had been bounded that it constituted "greenmail". USG said that it can share buyback comes five the shares had been bounded at mark the shares are the latest in a true of the share was in the shares had been bounded at mark the shares are the latest in a true of the shares had been bounded at mark the shares are the latest in a true of the shares had been bounded at mark the shares had been been bounded at mark the shares had been bounded at mark the

Belzberg family sells back

November 20 that it planned to buy sonite, which was acquired by USG ing market price.

have "greenmailed" major US comlikely to add to the growing pressure in the US to curb the payment of greenmail, a process where one stock or seek control of USG for 10 USG said that the Belzberg's panies. Sir James Goldsmith, the sure in the US to curb the payment and agreed not to acquire any USG his \$5.3bn bid for Goodyear after stock or seek control of USG for 10 the company agreed to buy back his shareholder is treated on a more favourable basis than the rest of a company's shareholders.

USG had argued that the Belzbergs had violated an earlier 10 the latter repurchased his shares at year standstill agreement with Ma-a substantial premium to the exist-

GM in further production cuts

of several large and luxury car mod- cies in public.

was deeply embarrassed by its decision to pay \$700m to Mr H. Ross Pe. GM's long-term future.

A tel plants and a second seco

Prudential-Bache

Dean Witter Reynolds Inc.

Swiss Bank Corporation International Securities Inc.

The cuts now announced are this year. The redundancies, which come bound to add to the company's em- GM has been sued by shareholon top of a longer-term programme of 11 plant closures announced by GM on November 6, reflect grave financial, marketing and management problems.

Earlier this week, the GM board

Dound to acc to the company's embarrassment, particularly since one ders represented by the Chicago of the plants affected, the \$600m law firm of Holstein Mack and Durancial, marketing and management problems.

Earlier this week, the GM board

Dound to acc to the company's embarrassment, particularly since one ders represented by the Chicago law firm of Holstein Mack and Durancial, marketing and management problems.

Earlier this week, the GM board

rot, the company's largest and most GM said that the production cuts lence," to the detriment of other critical shareholder, in order to re- were being implemented "in the shareholders, the law suit alleged. GM said that the production cuts lence," to the detriment of other

GENERAL MOTORS is to cut production at three of its assembly plants and lay off 4,500 workers in a effort to reduce excessive stocks of secure his agreement which legally presented the company's vents him from the GM board and hope of avoiding large incentive financial programmes" of the third company's financial results into an operating of secure 1 large and brown as well.

designed to provide Mr Perot with "hush-mail" and to buy his si-

BY ANATOLE KALETSKY IN NEW YORK

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\$250,000,000

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loss of \$330m in the third quarter of

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CenTrust Savings Bank ("CenTrust") is a Florida state chartered capital stock savings and loan association ('S&L') headquartered in Miami, conducting business through offices located throughout Florida and 18 other U.S. states. In addition to the kinds of mongage banking traditionally associated with an S&L. CenTrust is also involved in retail and commercial banking, life insurance and U.S. domestic and international capital markets. CenTrust is listed on the American Stock Exchange.

Application has been made to the Council of The Stock Exchange for the shares of common stock, \$.01 par value, of CenTrust to be admitted to the Official List. It is expected that the shares of common stock, \$.01 par value, of CenTrust will be admitted to the Official List with effect from 8th December, 1986.

SHARES OF COMMON STOCK, \$.01 PAR VALUE

Authorised Total issued 20,000,000 7,781,993

Particulars relating to CenTrust are available in the Extel Statistical Services Limited. Copies of such Particulars in book form may be obtained during normal business hours on any week day (Saturdays and public holidays excepted) up to and including 9th December, 1986 from the Company Announcements Office, The Stock Exchange, London EC2 and up to and including 19th December, 1986 from the principal executive office of CenTrust and:

Banque Paribas Capital Markets Limited 17 Lincoln's Inn Fields London WC2A 3ED

Quilter Goodison Company Garrard House 31-45 Gresham Street London EC2V 7LH

5th December 1986.

November 1986

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Alex. Brown & Sons

Dillon, Read & Co. Inc.

E. F. Hutton & Company Inc.

The Nikko Securities Co.

Wertheim & Co., Inc.

PaineWebber

November, 1986

U.S.\$75,000,000 Floating Rate Subordinated Notes Due 1995 (of which U.S.\$66,000,000 was issued as the Initial and Subsequent Tranches)

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes Christiania Bank og Kreditkasse (the "Company") has elected to redeem on 5th January, 1987 (the "Redemption Date") oll of its outstanding Floating Rate Subordinated Notes Due 1995 (the "Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will

cease to accrue. The Notes should be presented and surrendered to the paying agents as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to said date.

Coupons due 5th January, 1987 should be detached and presented for payment in the usual manner.

December 5, 1986 By: Citibank, N.A. (CSSI Dept) London Principal Paying Agent

CITIBAN(

Smith Barney, Harris Upham & Co.

Morgan Stanley & Co.

Bear, Steams & Co. Inc.

Deutsche Bank Capital

Kidder, Peabody & Co.

UBS Securities Inc.

Drexel Burnham Lambert

Nomura Securities International, Inc.

Yamaichi International (America), Inc.

Morgan Grenfell Incorporated

L. F. Rothschild, Unterberg, Towbin, Inc.

Brasilvest S.A. Net asset value as of 28th November, 1986

per Cr\$ Share: 25,696.00 per Depositary Share: U.S.\$16,766.13 per Depositary Share: (Second Series) U.S.\$15,688.08

per Depositary Share: (Third Series) U.S.\$13,350.75 er Depositary Share: (Fourth Series)

U.S.\$12,472.43

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FINANCIALTIMES ELROPES BUSINESS NEWSPAPER LONDON - FRANKFURT - NEW YORK

U.S. \$100,000,000 **SNNP4010**

Floating Rate Depositary Receipts Due 1992 famed by The Law Debaumer Trust Corporation p.L.s. evidencing entitlement to payment of processed and instruction deposits with

ISTITUTO BANCARIO SAN PAOLO DI TORINO ed in the Republic of Italy as a Credit Institution of Public Low)

London Branch

For the six month period 4th December, 1986 to 4th June. 1987 the Receipt will carry an Interest Rate of 61/4% per annum with an Interest Amount of US\$309.65 per US\$10,000 Receipt. The relevant Interest Payment Date will be 4th June, 1987.

Bankers Trust Company, London

U.S.\$100,000,000

LONDON BRANCH Floating Rate Depositary Receipts

due 1992 Issued by The Law Debenture Trust Corporation p.l.c. In eccordence with the terms end conditions of the Receipts end the provisions of the Agent Benk Agreement, notice is hereby given that the rate of interest for the interest period commencing December 5, 1986 has been daterminad at 6½% p.e. The interest payment date will be June 5, 1987 end payment of \$312.81 will be made per US\$10,000 deposited end \$7,820.31 will be made per US\$250,000 deposited.

December 5, 1986

The Chase Manhattan Bank, N.A., London, Agant Bank

of which U.S. \$200,000,000 is being Issued as the Initial Tranche The Bank of New York Company, Inc. Floating Rate Subordinated Capital Notes due 1997

Notice is hereby given that the Rate of Interest has been fixed at 6%% p.a. and that the interest payable on the relevant Interest Payment Date, March 5, 1987 against Coupon No.5 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$1578L December 5, 1986, London By: Citibank, N.A. (CSSI Dept.), Reference Agent CITIBANCO

The Hongkong and Shanghal Banking Corporation (Incorporated in Hong Kong with limited liability)

U.S.\$400,000,000
PRIMARY CAPITAL UNDATED FLOATING RATE NOTES (SECOND SERIES)



Notice is hereby given that the Rate of Interest has been fixed at 67/4% and that the interest payable on the relevant Interest Payment Date March 5, 1987 in respect of \$5,000 nominal of the Notes will be \$80.47 and in respect of \$100,000 nominal of the Notes will be \$1,609.38.

December 5, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

BIG RISES EACH SIDE OF THE ATLANTIC

Hanson Trust boosts profit by 83%

Hanson Trust, the industrial to Elders IXL for £1.4bm) and conglomerate beaded by Lord Hanson, yesterday announced an 83 per cent rise in pre-tax profit to £44cm is in pre-tax for £190m). profit to £464m in the year ended September 30 and a one-

Hanson has spent the past six months digesting the Imperial Group empire of brewing, food and tobacco interests. It has disposed of some fairly large parts including the Courage brewery (sold 1919.

Nobo to join

SE valued

for £190m).
Pre-tax profit rose to a record
£464m from £253m on turnover
which increased to £4.31bm
from £2.67bm. Earnings per in the US, trading profit rose that of the trading per can to the trading profit rose that of the trading per can to the trading profit rose that of the trading per can to the trading profit rose that of the trading per can trading per can trading profit rose that of the trading per can to the trading profit rose that of the trading profit rose that of the trading profit rose that of the trading per can to the trading profit rose that of the trading per can to the trading per can (£1.21bn), with SCM, the diversified industrial group, making a first time nine-months contribution.

The company has increased its final dividend by 33 per cent to 2.85p (2.14p on an adjusted basis) making a total of 4.25p

Lord Hanson commented: ducts division rose per cent to "The outlook is exciting. The etrength of our balance sheet enables us to take advantage of trial profits rose by £1m to £27m opportunities in the US and the

In the UK, Hanson's food Imperial Group, made a first operations, acquired with Imperial Group, made a first £23m on turnover of £304m. Consumer activities schieved a 57 per cent profits rise to £94m (£60m) on sales of £1.61bn (£581m).

were affected by the 1996 budget duty increase, requiring a programme to improve pro-ductivity, reduce overheads and introduce new products.

Profits of the building pro-

trial profits rose by £1m to £27m on turnover of £225m (£220m).

In the US, the industrial division led profit rises with a £47 non cert interests a £104m. 247 per cent increase to £104m (£30m) on turnover of £638m (£30m) on turnover of £638m (£226m). Much of this increase came from SCM Pigments, a large manufacturer of titanium

The US food operations increased profit by 180 per cent to £14m (£5m) on sales of £339m (£276m). Building products division rose 9 per cent to £54m (£48m) on turnover of £423m (£380m). Consumer profits in the US rose 35 per cent to £42m (£31m)

Scapa buys RFD businesses

BY ALICE RAWSTHORN

at £15.2m Scape Group, industrial holding company, yesterday announced that it has concluded the acquisition of the textile Nobe, an office furniture and and cable component interests at least £2m this year.
of the RFD Group from Wardle
Scane's turnover training aids supplier, is com-ing to the main market through Storeys for £14.5m in shares. It also unveiled a 12 per cent ina placing which will value it at £15.2m. Some 8.25m shares are being placed by Barclays de Zoete Wedd at 152p. crease in pre-tax profits to £14.6m in the first half of the

The company has three divi-sions. The principal one, called Nobo, makes visual aids such The acquisition of the RFD The acquisition of the KPD businesses—the Perseverance Mill and Lindsay and Williams—was negotiated during Wardle Storeys' successful takeover bid for RFD in the summer. Scapa emerged as a 'white knight' by mounting a competitive bid egainst Wardle Storeys but egreed to withdraw in return for as whiteboards, flipcharts and easels. Budgie makes office furniture and Ricron providee e metalwork design and febrica-tion service to the display trade. egainst Wardle Storeys but agreed to withdraw in return for Pre-tax profits after directors' remuneration have risen from £242,000 in 1982 to £534,000 in an option on the textile and the year to last April on turn-over up from £2.48m to £7.54m. cable component interests, the two businesses wblcb are most For the current year, the comcompatible with its existing

pany is forecasting profits of at least £1.9m on turnover of activities. Scapa will pay for the businessee through the issue of more than £9.5m. The prospective price/earnings multiple et the placing price is 11.5 and the gross dividend yield is 4.4 per cent.

Nobo is raising £1.2m net in the issue which will be used 6.17m new ordinary shares—or 7 per cent of its enlarged share capital—which will be placed by the stockbrokers, Cazenove and Henry Cooke, Lumsden for Scape's merchant bank J. Henry to repay all existing borrowings Schroder Wagg. The company's shares fell by 10p to 235p yes-terday on the announcement. and to finance plant and equip-

ment for its new Eastbourne fectory. The placing will also raise about £3.4m for existing The two businesses produced shareholders, The company believes that the growing markets for its training aids, the introduction of new furniture products, and the expanded and improved manufacturing facilities at its

strong growth. The shares are being placed through James Capel, the com-pany's stockbrokers, and two secondary distributors, Allied Provincial and Barclays de Zoete Wedd Securities.

Eastbourne factory provide the

opportunity to continue its

turnover of £15.4m in their last financial year, to March 31, and should muster pre-tax profits of

Scapa's turnover rose £101.69m (£88.04m) in the six months to September 30 after steady growth in almost every area of activity.

The contribution from North America, Scapa'e main market, was inhibited by edverse US dollar exchange rates. Although the business produced 10 per cent profits growth in dollar terms, when converted into sterling operating profits from North America fell to £9.88m (£10.03m). In the UK the only problem

area was a former United Wire division's exposure to the business is faring well. Last troubled oil services industry. year's switch to monthly ex-Scapa has invested in the change translation at least company to enable it to mitigated the damage caused diversify into new areas. None-to £4.53m (£2.25m).

The change translation at least mitigated the damage caused by the US dollar, and even that theless operating profits rose currency should be more favourable in the second half. to £4.53m (£2.25m).

was impeded by problems at £34m for the full year, assum-a Swedish subsidiary—which ing merger accounting for the should be resolved by the end of the second half — and operating profits rose slightly to £2.81m (£2.26m).

industrial pre-tax profits of £1.73m on to 10.3p (9.3p) and the company proposes to pay an interim dividend of 2.1p (2.0p).

comment

There can scarcely heve been a more amicable bid bettle than that between Scapa and Wardle Storeys for RFD. The former wanted nothing but RFD's textile and cable component businesses; the latter everything but. Scapa has emerged with the companies for which it domed its white knight's amour in the first place, and for a reasonable price. The only question-mark bovers over the long-term prospects for the supply of impression fabrics for computer printer tapes. Oil services and Sweden apart, the rest of the business is faring well. Last

Progress in other countries The City expects profits of ing merger accounting for the RFD acquisitions. This produces prospective p/e of 10. Undemanding given the com-Earnings per share increased pany's solid growth prospects.

BET buys MPS Industries for £4.7m

BY CHARLES BATCHELOR

tries, a privately-owned fork-lift east of England.

BET, the diversified services Yale fork-lift trucks in the Yale's UK dealerships. The two group, is paying £4.75m in south west, west Home Counshares and cash for MPS Industries, west Midlands and North tries, a privately-owned fork-lift east of England.

Yale's UK dealerships. The two companies together will have 90 per cent of these dealerships. BET is financing the deal by

MPS will be incorporated into the issue of 1.03m new shares MPS is based in Newton Eddison Plant, which is part of and the payment of £410,000 Abbott and has the franchise for the sale and servicing of already has more than half of already been completed.

Years ended



1986 RESULTS

	30 Sep	tember
	1986 £m	1985 £m
Profit before taxation		
The company and its subsidiaries	173.8	158.7
Share of profits of associated companies	10.7	7.6
	184.5	166.3
Profit attributable to ordinary shareholders	118.2	94.8
Earnings per 25p ordinary share	41.6p	35.7p
Dividend per 25p ordinary share	10.8p	9.6p

- Earnings per share increased 16.5%
- Ordinary dividend increased 12.5%
- Total assets increased by 10.4%

The Report and Accounts 1986 will be posted to shareholders on Thursday, 18 December 1986

Saatchi advances by 73% to £70m

By Clay Harris Saatchi & Saatchi yester-day onveiled its first results day onveiled its arst results as the world's largest advertising group, increasing pre-tax profits by 73 per cent to a record £70.1m.

The results, at the top end
of forecasts, failed to busy
Saatchi's shares, which shed
to close at 668p.
Sastchi'e accounts for the

Saatchi'e accounts for the year to September 30 included only two months' contribution from Ted Bates Worldwide, the US-based agency. Profits from existing operations grew by 21 per cent.

With total billings of \$7.5ba, Saatchi dismissed as peculicible the nearly \$460m legigible the nearly \$400m lost through elient conflicts after the \$450m acquisition of Bates. In any case, this had been more than offset by new

Bates' globol operations were instrumental in increasper cent) and profits (19 per cent) from outside the UK and US. Britain accounted for

The world advertising industry was in a "classic textbook phase of concentration." Mr Maurice Saatchi, chairman, said yesterday. Eight multinational agencies now controlled 20 per cent of the world market, against the 13 per cent held by 12 groups a decade ago.

Saatchi aims to reinforce its leading position by increasing world market share to 10 per cent in both communications and consultancy.

It wants to lift margins to 20 per cent. Group margins improved last year from 13.4 per cent to 15.8 per cent, although consultancy margins were stagnant at 12.9 per

Revenue rose to £444m Revenue rose to 244m (£301.6m) on turnover of hearly £2.09bn (£1.3ibn). After a 37 per cent tax charge, profit ettributable to all shareholders was 81 per cent higher at £43.7m (£24.1m).

Interest on the proceeds of a £406m seven-for-eight rights issue in April boosted income

A proposed final dividend of 8.84p would make e total of 16.18p on capital increased by the rights issue, against 14p in 19845. The company also plans a one-for-three scrip

The company has appointed two new dicetors: Mr Anthony Simonds-Gooding, chairman and chief executive of the communications division, and Mr David Newlands, group finance director.

Holden Hydroman production engineer, produced first-half pre-tax profits up just 6 per cent to £235,000 after a substantial outlay on pre-pro-

duction set-up costs for large Directors declared an interim dividend of 0.975p, the same as

Feedback at £0.4m

Feedback yesterdey reported a jump in pre-tax profits from £45,719 to £383,720 for the half year to September 30 1986. Turnover for this USM-

quoted computer peripheral equipment maker rose from £4.48m to £4.65m. Mr J. H. Westcott, the chairman, said that it was usual for the second half to produce better results but it was too early to make The interim dividend is beld

at 1.25p. Earnings per 10p share improved from 0.025p to 2.57p after tax of £166,191 (£43,735).

There was an extraordinary credit of £34,500 (£49,000 debit)

Prudential expands its estate agency network

Prudential Property Services, the estate agency arm of the insurance giant. Prudential Corporation, has further expanded in this field with the agreed acquisition of the residential operations of the Bristol-based firm of Lalonde Bros and Parham.

dential Corporation and will not be made before July 1987.

The commercial operations of Lalonde are being merged with leading commercial estate agents, Chestertons.

Lalonde, with its 19-strong office network covering Avon.

No details of the consideration were given, but payment will be part cash and part shares of Pru-that seen in the South-east.

> LG. INDEX FT for December 1,270-1,276 (-2) Tel: 61-828 5699



USS35.00 VIKING RESOURCES INTERNATIONAL

INFO Pierson Heldring & Pierson N.V. Herengracht 214, Amsterdam

sented september 30 1500 up 33 per cent on the previous year's \$36.6m. Consolidated assets stood at \$6.1bn, 30 per cent higher than 1985'e \$4.7bn.

representing e change to the (£209,000) and earnings 18.5p potential deferred tax charge. (8.1p) per share.

office network covering Avon,
Devon, Gloucestershire, Somerset and Wiltshire, is the most
extensive residential property
agent in the West Country, employing some 300 staff. It has plans to open a further ten offices under its expansion pro-

> This brings the number of offices in Prudential Property's countrywide network to \$15.
>
> Mr Graham Clay, managing director of Prudential Properties, stated that no further major acquisitions were being contemplated in these areas. The company would concentrate on the major gaps in its coverage — Birmingham and the West Midiands, North-east England and Scotland.

Mr Clay also pointed out that house prices in the West Country bad been rising steadily, and the signs were that this rising trend would outlast

Bass tops £300m: writes 50% off Pontin's valuation

written £53.5m off the book value of its Pontin's holiday

Profits for the year to end-September rose to £310.4m pre-tax, an improvement of 22 per cent over the previous year's £255.1m, but the Pontins pro-vision, taken below the line as an extraordinary item, left the available balance down by £23m at £141.3m. The dividend is being stepped up by 2.3p to 17p

Sir Derek Palmar, group chairman, said the write-down effectively halved the value of the 26 UK holiday centres. He added: "We shall go on trading Pontin's until we see what rationalisation is required. There are no prospects for any

from £268.4m to £327.6m. The brewing drinks and pub retailing operations increased their contribution by £38.6m to £252.8m. There was also e surplus of £13m (£10.9m) from disposal of fixed assets.

Commenting on the beer operations, Sir Derek said that after an initial setback in the first quarter arising from e shortage of canned heer follow-ing the Runcorn dispute last year, gains in market share were made over the rest of the

He added that volume growth of lager continued at a substantial rate despite a rather poor

Lager increased its propor-tion of total beer volume to 49.5 per cent from 48.5 per cent e year ago. Sir Derek said that in cash terms that was well over The centres, which have been declining in profitability in recent years, were acquired as to cross the 50 per cent line

Bass, the UK's largest brewer, yesterday reported 1985-86 Leisure Group takeover in 1981.

Leisure Group takeover in 1981.

Leisure Group takeover in 1981.

Group turnover for the past turnover for turnove

rationalisation.
Leisure activities trading profits rose from \$45.4m to £57.4m. A surplus from fixed asset disposals added £4.4m (took £2.1m). Crest Hotels continued its grofits advance. (TOOK EZ.IM). Crest Hotels continued its profits advance.

machine 43 —— 8 on 81 ——
Capital spending amounted to £303m. This would rise to

to 2303H. This would need to 5340m in the current year with nearly two-thirds going on the retail side, which incorporates hotels, betting shops and pubs. The group has embarked on a seven-year property revalua-tion. Sir Derek said this would add more than 5700m to group

reserves in 1987 and represent a jump of almost 50 per cent since the last valuation.

Trading in the current year had started well and prospects for the group were described as good. The shares lost 6p as good. The shares lost 6p yesterday, closing at 713p. See Lex

profit moves

and manufacturer, saw pre-tax

profit rise by 50 per cent from

sim to £1.5m in the six months to October 31 1988 on turnover that moved up substantially from £10.1m last time to

Mr Robert Montague, executive chairman, reported that since the beginning of the

current year the group had performed extremely well,

performed extremely well, achieving a high utilisation both on its container and

trailer rental subsidiaries and

a strong increase in their fleets. He looked forward with

confidence to reporting the full results for the year to April

He added that holders of

99.2 per cent of the share capital had taken up the rights

Tax charges amounted to £173,000 (£153,000), after which earnings worked through

et the higher level of 7.9p (6p). The declared interim was

raised from 1.25p to 1.43p on the enlarged share capital.

Rowe Evans Investments, the plantations holding company,

changed at £384,000 and after

butable profit totalled £265,000,

Rowe Evans falls

issue last October.

£15.8m.

up by 50%

g ho

Tiphook

Smith New Court profits 12% ahead at half year

DESPITE ABSORBING the costs of its move to new dealing rooms and offices, Smith New Court, securities dealer, improved pre-tax profits by 12 from the international business per cent, from £3m to £3.4m in the half year to October 24 on equity trading in the UK 1986 its last pre-Big Bang results.

The directors are holding the concern in the run-up to the Big Bang on October 27,

The directors are holding the interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 27, interim dividend at 2p on capture of the Big Bang on October 20, interim dividend at 2p on capture of the Big Bang on October 20, interim dividend at 2p on capture of the Big Bang on October 20, interim dividend at 2p on capture of the Big Bang on October 20, i in November 1985. Total dividends for the year to April 25 amounted to 7p when pre-tax profits reached £6.2m. Earnings fell from 10.3p to 7.5p for the six months.

The pre-tax result included depreciation on the new facilities, Mr Tony Lewis, the chairtiesman said, as well as the ex(£1.22m), net profits for the

pansion of the company's agency business.

man said the company's experience to date had been encouraging both in the market makperiod rose from £1.82m to £2.21m.

profits in 1987.

too soon to make firm predic-tions ebont how the ne wrules

would affect the company dur-ing the rest of the year let alone

(£24.000) and an extraordinary

£74,000 (£64,000 loss) and Stan-

Central & Sheerwood losses more than £1m A £1m DOWNTURN into trad- (£35,000), minorities of £19,000

ing losses at the Ransome & Rapler offshoot was behind an Rapler offshoot was behind an loss of £30.000 (£634,000 profit) increase in pre-tax losses from the attributable loss was £1.2m £105.000 to £1.08m at Central (£470.000 profit). Loss per 5p & Sheerwood. The comparable share was 1.75p (0.26p). Mr James said that further profit of £470,000. overhead reductions had been implemented at Ransomes but the projected loss would pre-vent Central from moving into Mr David James, chairman,

vent Central from moving into profits in the present year. He added that subject to the conclusion of international sales negotiations, which were in progress, there was a prospect of ground to £87,6,000. said that the company must advise shareholders that directors considered net assets amounted to less than half the called-up share capital.

Holden Hydroman, specialist by the sale of property. Land roduction engineer, produced et Ipswich bad raised £1.6m and at an extraordinary meeting being held on December 22 permission would be sought to make other land disposals which would raise "some fms."

Mr James said that this would lead to mejor reductions in borrowings by the end of the

CENTRUST SAVINGS BANK of Miami is seeking a listing on the London Stock Exchange of 7.8m ehares of common stock, each valued at 1 US cent.

Last month, CenTrust reported consolidated net earnings of \$55.9m (£39.1m) for the year ended September 30 1986 up 53 per cent on the previous seems.

UK LAND—Dividend for year ended September 30 1986 is 4p (3p). Net rental income £1.28m (£602,000) and net surplus on disposal of dealing assets £1.18m (£306,000). Profit £1m

dard Catalogue, printing and publishing, reported a lower profit of £131,000 (£180,000). down from £452,000, and earn-ings per 10p ordinary share amounted to 0.7p (1.55p). NOTICE TO LOMBARD DEPOSITORS 14 Days Notice 7.75% 10.91% **Cheque Savings Accounts** 7-10% 10-00% 5.23% 7.36% Lombard North Central 17 Bruton St, London W1A 3DH,

there was a prospect of group | Snare of related companies'

Dunn, engineering offshoot, moved into trading profits of £260,000 (£372,009) tax, attri-

During the period Holcombe/ changed at contrally un-

SPONSORED SECURITIES 4.6 2.2 4.3 4.6 2.9 2.1 16.7 14.7 67 West Yarks. Ind. Hosp. (USM) 97

Granville & Co. Limited 8 Lovat Lane, London EC3R & EP Telephone 01-621 1212 Member of FIMBRA

Granville Davies Coleman Limited 27 Lovar Lane, London EC3R 8DT. Telephone 01-621 1212 Britain is now very strongly entrenched in this area as, with

Coats Viyella, which has 7 per cent, it controls almost one-third

is about the same size as

Tootal was acquiring "a very profitable market share in

thread, more customers and a

Record Results in

Golden Jubilee Year

The following are extracts

from the circulated statement of the Chairman, Mr Michael

In this our. Golden Jubilee Year it is a great pleasure to report record turnover and profits. Our turnover is up 111% at £7.532m, obtained as a result of a 20% increase in sales in the UK, which is most encouraging. But a drop of 23% in export sales, is to say the least, regrettable. Because of difficulties abroad not of our making.

abroad, not of our making, wa are actively seeking new overseas markets. Profit before tax at £1.382m shows

Key holding in Ealing

Electro changes hands

of the market.

Tootal paying \$33m

Profits
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Markone
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Pesterda: Compet Tiphook r Profit ma up by 50

Mr Paren Bridge

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Lander folge der fil

5.23

before tax at £1.382m shows an increase of 25% and is derived from a trading profit of £1.33m up 22% and investment income up 41% at £248,658.
A final dividend of 2.8p is proposed which, with the interim of 1.8p makes 4.6p for the year, an increase of 18%.

18%.
During the past 5 years carnings have doubled, net essets are up 84% and dividend by 88%. dend by 88%.

If we are to expand, we must move to a new site with plenty of land available and huild a new factory and offices. We have found such e site at Redditch and expect to complete the purchase of land in November 1986 and to move in the spring of 1988. We anticipate this move will not adversely affect our operation during the eurrent financial year but it could cause some disruption during the following year.

It will continue to be our policy to produce products of a high quality at competitive prices. Days Notice 7.75 Savings Acces 7-103

Tootal yesterday became the highly competitive market." largest producer of industrial industrial threads are the Industrial threads are those in the US when it sewing "cottons"—largely made of polyester now—which go to bought the threads interests of Standard-Coosa-Thatcher, one of

for US thread company

commercial clothes producers the country's big five manufac-turers, for \$33m (£22.75m). such as Levi Strauss or Wrangler. Because of the higher speeds at which their sewing The yarns and clothes concern already controls about 13 per cent of the market through its machines operate these com-panies need a stronger thread American Thread subsidiary and, with SCT, will now have just under a quarter. than that bought by the person who merely wants to sew a button on a shirt.

The US market is very large. It annually consumes about 180m SLUs, standard-length units, the industry measurement vehicle, compared with 24m in the UK and around the same in most of the major European

The other two majors are Ticaro, until yesterday the market leader with 14 per cent, and American and Eiffird which Tootal has been looking at American plants for much of this year and also had talks with Ticaro, which sells its pro-ducts under the Threads Inc. Tootal's American Thread. Mr Geoffrey Maddrell, the company's managing director, described the deal in London yesterday as "a marvellous

The SCT deal had to be rushed through for tax reasons as the American principals— the North Carolina Company is the result of two management buy-outs—wanted to sell before complementary range of output. buy-outs—wanted to sell before We have also acquired the December 31, when US cormeans to get growth in this porate taxes rise sharply, and

yesterday was the last day Tootal and its adviser, Morgan Grenfell, could for technical reasons get the deal through the Stock Exchange before the

end of the year.
Under the deal SCT's yarn operations have been hived off to its management. "Yarn is doing well in the US at the moment." Mr Maddrell said, which makes it a good time. "which makes it a good time for a buy-out. But we did not see it having e profitable long-

Tootal bas taken over SCT's Tootal bas taken over SCI's equity at a cost of \$22m together with debt of \$29m and received \$18m back from the sale of the yarn side.

The \$33m net cost is being financed by the issue of 25.6m shares in London at 90p each.

The deal would make a big improvement to Tootal's earn-

improvement to Tootal's earnings per share, Mr Maddrell

It will also help productivity levels. American Thread has been operating at 60 per cent capacity and Tootal is only tak-ing one of SCT's nine plants. As a result its output per man will rise by 40 per cent from \$50,000 a year to \$70,000. Men and Matters, Page 28

Johnson Fry makes **USM** debut A KEY 40.5 per cent stake in Ealing Electro-Optics, the USM-quoted optical and electro-optical equipment group, is changing hands—and this could open the way for a bid approach next year. financing the deal by loans from Sleipner UK, advisers to Mr Grindle and part of Norwegian company Neri, The EEO stake will end up with Sleipner, in part payment for the loans if the deal goes ahead.

JOHNSON FRY, a financial services group end one of the leading Business Expansion Scheme issuing houses, is joining the Unlisted Securities Market in a placing of shares which will value its business at £7.1m.

The stake is currently held by The Ealing Corporation, a US company which acquired EEO in 1968. In a complex deal, Ealing Corporation is proposing to merge with another company owned privately by Mr P. Grindle, chairman of Ealing Corporation, and

THORPE

(Manufacturers of "Thoriux" Quality Lighting Equipment)

Record Results in The company was formed in 1969 and operated initially as a life assurance and mortgage broker. It has since expanded into a more broadly based financial services group with interests in investment management a recently introduced ment, a recently introduced mergers and acquisitions ser-vice, and the sponsorablp of BES issues and funds.

Johnson Fry is keen to play a part in sponsorship for the Third Market, which will be in-troduced by the Stock Exchange suggests that Sleipner and Mr Grindle are actively discussing the sale of EEO shares after the sale of EEU snares are the merger.

On the question of whether this might take place before July, the circular continues, "Mr. Grindle believes that Schroders will agree to a sale of the EEO shares to a single purchaser, provided the purchaser offers to buy the 50.5 har cent balance of EEO's outin January to deal in the shares of small, unquoted companies. It has applied to tha Stock Exchange for membership in order to do so.

In its last financial year, to October 31, the cmopany pro-duced pre-tax profits of #691,000 per cent balance of EEO's out-standing shares for the same price paid to Sleipner for the Ealing Corporation block." on turnover of £2m. Johnson for each turnover of £2m. Johnson Fry expects to realise its full financial potential in the lata 1980s when the BES companies it has sponsorad — and retained holdings in — are able to go HUNTER SAPHIR (USM marpublic. keter and distributor of fresh

produce); Interim dividend The company will issue 1.18m to September 13 1986. Turnover £48.8m (£42.59m) and pretax profit £1.54m (£1.19m). Tax
£547,000 (£417,000). Earnings
per share 6.4p (4.99p).

This equity, at 150p a share. This
produces earnings per share of
11.4p on the last set of financial results, and a p/e of 13.2.
The atockbroker to the placing
is Rows and Pitman. is Rowe and Pitman.

The bulk of the capital raised by the placing — about £854,000 —will he invested in the com-pany, thereby enabling Johnson Fry to embark upon a series of ecquisitions, among small, privately owned financial bonses for which it wil pay with cash and shares.

Standard denies financing bid fight

Standard Chartered Bank said last night it had naver offered any "financial or other inducement" to investors who bought shares in the hank last summer to help fight off the hostile bid by Lloyds Bank.

The bank's statement was issued in response to speculation that it had financed Tan Sri Khoo Teck Puat, the Malzysian businessman, who acquired over 6 per cent of Standard stock.

Standard Chartered Bank Sri Khoo Teck Puat, the Malzysian businessman, who acquired over 6 per cent of Standard stock.

Standard Chartered Bank Sri Khoo Teck Puat, the Malzysian businessman, who acquired over 6 per cent of Standard stock.

Standard Chartered Bank Sri Khoo Teck Puat, the Malzysian businessman, who acquired over 6 per cent of Standard stock.

Standard Chartered Bank Sri Khoo Teck Puat, the Malzysian businessman, who acquired over 6 per cent of Standard stock.

Standard Chartered also Milliam, the managing director, was under prestion that it had financed Tan

packaging): Unchanged interim ip. Turnover £1,92m (£2,18m) and pre-tax profits £93,000 (£86,000) for half year to September 1986. Tax £33,000 (£30,000). Earnings 2.5p (2.4p). Second half seasonally better. USM-quoted.

\$85,000,000



American Airlines, Inc.

Leveraged Lease Financing

The undersigned arranged the equity investment in the leveraged lease financing of two Boeing 767-223ER Aircraft to American Airlines, Inc.

First Chicago Leasing FSC, Inc.

A subsidiary of

FIRST CHICAGO CORPORATION

Olivetti Royal Bank profits hit by chief buys £89m bad debt provision stake in Mercury

Italian entreprenaur and finan-cier, has acquired a 2.2 per cent stake in Mercury International ping and construction industhe merchant bank, through bis new Swiss financial holding The chairman of Olivetti, wbo

However, a switch in the way third world debt provisions are accounted for allowed RBS to cut its tax rate from 43.1 per

and trading group.

Speaking at the annual meet-

ing yesterday, chairman Mr John Storar told shareholders

that he was aware of "another

significant new corporate share-

bolder who only admitted lts

presence after lengthy enquiries

The chairman of Olivetti, who has built up the second largest Italian industrial group affer Fiet during the last few years, acquired the Mercury stake about two weeks ago, sources close to Mr de Benedetti disclosed yesterday. But they declined to say bow much Mr de Benedetti had paid for his Mercury stake. However, the investment by the Italian businessman appears to have been encouraged by the UK merchant hank which is pects the Inland Revenue to Another share stake being

Mercury stake.

By Paul Betts in Paris

Mr Carlo de Benedettl, the

Gronp, parent of S. G. Warburg,

company Societe Financiere de Geneve.

UK merchant hank which is seeking support from "friendly" partners to help fend off unwelcomed advances from Mr Saul Steinberg, the US financier and takeover specialist.

Indeed, Mercury is understood to heve spprosched other potential friendly partners which might consider huying shares in the UK merchant bank.

Mercury already has close relations with Mr de Benedetti with the UK merchant bank ownling a one per cent stake in Cofide, which stands for Compagnia Financiaria de Benedetti and is the kallan businessman's principal holding comman's principal holding com-

Cofide controls his expanding financial and industrial empire and includes among its sharebolders major financial institutions like Sbearson Lehman with 4.9 per cent, the French Indosuez group with 4.8 per cent, the French Indosuez group with 4.8 per cent, Nomura with that the new shareholder, one per cent and Mercury with which acquired its holding via one per cent, among other shareholders.

A 90 PER CENT increase in bad allow it to deduct these from also up: staff costs grew 12 per

built up in Mitchell Cotts

A SECOND share stake is being built up at Mitchell Cetts, the Holdings, the private company troubled engineering, chemicals and trading group.

A SECOND share stake is being ahareholder, including Rushlake Holdings, the private company owned by the Jivraj family which already has a declarable

Mitchell Cotts refused to cent. It first revealed a 5.85 elaborate on the company's per cent stake in November, identity because the stake is but raised this to 10 per cent still below the 5 per cent level. at the end of the month. Rushlate the new shareholder in quoted company London Park

nominee companies, is not act-ing in concert with any other cal retail and rental group.

of and primarelysis Wil sistem and the principles private

RBS bas continued to cut back diture. tries were the main cause of a £89.4m (£47m) bad debt provision, which held profit growth to only 11 per cent. Pre-

Net interest income grew 14 Charterhonse made pre-tax per cent to £439.3m, mainly profits of £23.4m compared with because of a growth in sterling f9.2m in the nine months to deposits and margins. Other September 30 1985. This was operating incoma — such as split as follows: merchant bankcent to \$5.4 per cent and posttax profits grew 26 per cent to
f119.2m. In common with most
other clearing banks, it has
started making specific rather
than general provisions against
bad third-world debts and ex
—grew 28 per cent to £439.3m, mainly
because of a growth in sterling
f9.2m in the nine months to
service charges, foreign exthan general provisions against
bad third-world debts and ex
—grew 28 per cent to £202.6m.

However executive charges, foreign exing £15.5m; development capital
f6.8m; £0.8m investment management; and £0.4m stockhroking

in quoted company London Park Hotels, and has a 6.4 per cent

However, expenditure was hroking.

debt provisions hit the Royal its tax bill.

Earrings per share were sults, which were published yesterday. Its shares closed 22p lower at 274p.

Recessions in the oil, abipping and construction indus-

Pre-tax profits were greatly belped by capital profits: sales of premises brought in profits growth to only 11 per cent. Fre-tax profits in the year to Sep-tember 30 were £184.5m (£166.3m). ing by 15 per cent. Unly 11 per cent of pre-tax profits came investments brought £19.8m from international banking (23 (£63.8m), mostly from Charter-per cent), while domestic bank-ing contributed 52 per cent (49 subsidiary.

In eddition to these profits,

In eddition to these profits,

Talbex heads for rejig as chairman quits

Talbex Group, the trouhled industrial holding company, moved closer to a re-organisation of its business with the resignationa yesterday of Mr David Green, chairman.

holding in Cotts.
However, Cotts did rule out suggestions that Lonrho might Stockhrokers Robert Wigram said Mr Green would remain as be the second stake-builder—one of the possible predators a non-executive director and did not plan to sell the 16.6 per mooted recently.
Yesterday, Rushlake itself disclosed that its holding has now been increased to 11.4 per cent. It first revealed a 5.85 cent stake held hy him and his family.

Talbex board. The strengthened by the recent addition of Mr Terry Langan and Mr Neil Simpson, both veterans of Beth and Portland, was preparing cost-reduction

In May, Talbex reported a Pane pre-tax loss of £143,000 on sales sell. of £6 figm in the six months to January.

Turner raises **AE** stake to 47%

By David Goodhart

Turner & Newall now controls just more than 47 per cent of fellow engineering group AE and is poised to take its stake above 50 per cent before the bid closes at 1 pm today.

T&N said yesterday that it was confident that victory would be very comfortable. N. M. Rothschild, advisers to T&N stated that of the holders 14 per cent of AE who provisionally constituted the represent to T&N. committed themselves to T&N wben it made its final offer almost half have yet to show their hand.

However advisers to Mr Robert Maxwell's Hollis group, the rival bidder, pointed out that the 14 per cent commitment wase made before Hollis inwase made before Hollis increased its offer a final time.
Hollis yestrday increased its stake to the maximum 29.9 per cent and Mr Maxwell confirmed his earlier statement that: "Pergamon will not accept the offer being made by T&N for the whole of the ordinary share capital of AE not already owned by T&N."

Hollis's advisers pointed out that this could make life very

that this could make life very difficult for T and N as they will not have the 75 per cent

will not have the 75 per cent needed to restructure the com-pany and take advantage of tax benefits.

T and N replied: "We regard this as being just huff and puff. Mr Maxwell has nearly £80m tied up in AE and he will not want to leeve it. There are also other ways of acquiring the tax benefits such as through AE dividends."

The company admitted it had not contacted the Takeover Panel ahout Mr Maxwell's statement hut suggested that with T and N's hacking the Panel would let Mr Maxwell sell

AE closed at 273p, down 98, Turner and Newell lost 1p

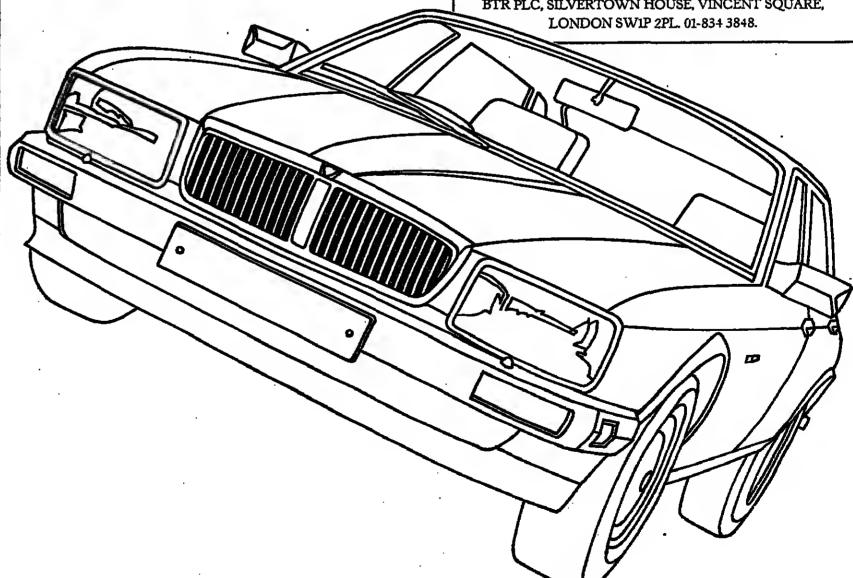
WE HELP TURN MORE THAN THE WHEELS OF INDUSTRY.

BTR companies have played their part in the development of the impressive

Metalastik and Peradin supplied engine mountings, bushes and hoses, and Dunlop Hiflex came up with the power steering, air conditioning and cooler hose assemblies.

Clearly, using top performance suppliers is the way to build a high performance car.





66 Compared with 1985, profits, sales and earnings

per share all increased significantly.

The interim dividend has been raised by

5.0% to 2.lp per share.

Scapa companies continue to do well in their industrial

markets supported by the underlying strength of business in Europe and North America. 99

Growth continues worldwide

Sales up by 15.5%

ratives adjusted for the one for one capitalisation issue made in August 1986

Results for six months to

Turnover

Interest

Dividend

Operating Profit

Profit before tax

Earnings per share*

Dividend per share*

September 30th, 1986 (unaudited)

Operating profits up by 15.0%

Earnings per share up by 10.8%

INTERIM STATEMENT

Interim dividend up by 5.0%

RW. GOODALL, Chairman

£'000

88,036

14,539

(1,453)

13,086

1.627

9.3p

£'000

101,695

16,719

(2,074)

14,645

1.713

10.3p

2lp

JM (X)

Johnson Matthey

STRONG RECOVERY

CONTINUES

Results for the six months ended 30th September 1986

PROFIT BEFORE TAX \$21.6m - up 106%

EARNINGS PER SHARE 11.3p - up 151%

PROFIT AFTER TAX \$16.1m - up 127%

Copies of the full Interim Report are available from The Secretary, Johnson Matthey PLC, New Garden House, 78 Hatton Garden, London EC1N 8JP

INTERIM DIVIDEND 2p - up 300%

OPERATING PROFIT \$27.4m - up

1986

£000

186,929

32,340

(3,184)

29,156

4,921

20.4p

6.05p

DIVIDENDS ANNOUNCED

Current of Spayment payment

Feb 9

Jan 16

Feh 2

Feb 4 Jan 8

Apr 6 Feh 10 Jan 16

2.34

Date Corre- Total of sponding for

div.

UK COMPANY NEWS

Johnson Matthey profits doubled to £22m midway

interests in advanced materials and precious metal technology, to more than doubled pre-tax profits from £10.5m to £21.6m in the six months to the end of

Directors said that the benefits of rationalisation and re-organisation were being eflected in operations.

Mr Eugene Anderson, chief Mr Eugene Anderson, chief executive, added that the company's emphasis had changed from generating cash to bring down dabts to pushing up profits. "Initially we were fighting fires. Now we are looking quite far into the distance."

by 5p, but later fell back to close at 217p, np 2p on the day. Earnings came out at 11.3p (4.5p) hasic and 8.9p (4p) fully diluted and the directors are increasing the interim dividend from 0.5p to 2p. Last year there was a total payment of 2.5p on pre-tax profits of £30.1m.

Operating profit rose from £20.5m to £27.4m and tha pre-tax figure was further boosted by a £4.2m cut in interest

charges to £5.8m. That followed a substantial fall in the previous Despite significantly higher

metal prices net money and metal borrowings fell by £9m in the six months to £165.4m, directors said. They added that negotiations were well advanced to replace the medium-term financing agreement, which had been signed last year, with facilities more appropriate to the continuing improvement in the group's financial status.

The tax charge was £5.5m (£3.4m) and there were extra-ordinary dehits of £8.8m (£3.1m), being the net loss of £15.3m on the sale of the invest-ment in BL Holdings, a US private company, and rationali-sation costs of £3.6m offset by a gain of £12.1m from the disposal through hedging of working capital stocks of precious

After dividends absorbing £3.7m (£1.7m) the retained profits for the period was £5.6m against £2.3m last time.

The directors expected cash from its recent actions in rationalising the UK organic colours husiness, which should show a book profit, and selling its BL Holdings investment. They added that the sale of the electrical contract husiness announced on Wednesday, should realise more than £5m hut give rise to a film loss or its original book value.

comment

The recovery of Johnson Matthey has reached a turning

one with its success in squeezing out cash in order to cut debt It has got to the point of paying a respectable dividend. The priority new is to build the stronger parts of the group, including electronic and medical materials. Certainly, the company has technical know how and experience in going from the laboratory to the manufacturing line. However, Johnson Matthey is not a minble group: it will have to tread waiting the further it moves into new markets. it moves into new markets.

After all, operating in markets it did not fully understand—banking and US fewellery—cost the old Johnson Matthey dearly. At 218p the shares trade on a prospective multiple of about 11; fully diluted, assuming full wear profits of £45m-plus protest and a 25 per cent tax charge. tax and a 25 per cent tax charge On grounds of corporate per formance they should be worth a little more. However, the

group is more exposed than it was to the vagaries of precious metal prices. And 1986 has been an exceptional year for

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital stated. * Equivalent after allowing for scrip issue. † USM stock. increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. COMPANY NEWS IN BRIEF

Erskine Houseint

Fine Artint Hanson Trust
Holden Hydroman int
Hunter Saphirint
Johnson Matthey ...int

Prop & Revrsnry ...int

Royal Bank Scotland Saatchi & Saatchi Christian Salvesen int

Christian Salvesen

EQUIPU, Bristol-based office equipment dealar, said that it was in talks after being about a possible approached takeover hid.

RUWAIT INVESTMENT Office has lowered its stake in Hillsdown Holdings to 6.9 per cent. The KIO, which has previously indicated that its stake was a long-term investment, has sold 2m shares and now holds 27m. DELANEY Group

contracts for the of David Bennett purchase £750,000 in new Delaney shares. As at August 31, 1986 net tangibla assets of Bennett, timber staircase maker, was £240,000.

PARKLAND Textile (Holdings), the Bradford-based woollen the Bradford-based woolien yarn, worsted cloth manufacturer has sold its worsted spinning production facility Netherton Mill, Halifax, to

DALGETY has got control of Dalgety Farmers of Australia. Following the redemption by Southern Farmers of its holding of 2.25m redeemable preference shares in Dalgety Farmers, the percentage of the total shares in Farmers held by Dalgety has April and was unlikely to resume until April 1989.

increased from 49 per cent to 50.91 per cent.

wins i

KENYON Securities, funeral and ancillary services group, is purchasing L. J. Richmond & Sons for £370,000. The consideration is to be satisfied by £150,000 cash and the issue of 68,750 new Kenyon ordinary shares. Net tangible assets of Richmond is £85,000.

DSC HOLDINGS (maker and distributor of record playing styli and accessories): Interim dividend 0.5p (nil) for six months to end-September 1986. Turnover £1.57m (£861,548) and pre-tax profit £8,800 (£64,328 loss). Tax nii (£13,000). Earnings per share 0.3p (2.5p losses). Extraordinary debit £298,771 (£14.343).

JAMES FERGUSON has agreed to acquire tha Barlow Clowes group of companies. Mr Peter Clowes, chairman of James Ferguson, is also the principal shareholder in Barlow Clowes.

YEARLING bonds totalling £0.75m at 11% per cent, redeemable on December 9 1987, have been issued by the following East anthorities: District Council £0.5m; Wansbeck District Council £0.25m.

Pensions holiday boosts B. Priest to £734,000 Benjamin Priest Group, West (£16.85m) and trading profit came out at £723,000 (£688,000). Tax took £86,000 (£61,000) and there was an extraordinary credit of £65,000

Midlands-based engineer, reported interim pre-tax profits up by £305,000 to £734,000 helped by an exceptional credit of £197,000 arising from savings in pensions contributions. There was also a £73,000 art in the was also a £73,000 cut in the interest charge to £186,000.

Earnings per 5p share came out at 0.79p (0.48p) on a fully converted basis, or 0.58p excluding the pensions item. The directors have decided to resume interim dividends with a payment of 0.125p. ment of 0.125p.

Christopher

However, Mr Christopher Walliker, chairman, said that the ievel of the interim pay-ment did not necessarily indicate an increase in the

Turnover for the six months

(nil) relating to the profit on disposal of investment. The results include profits from Plastic Moulding Tools since its acquisition in mid-August No figures have been included from Sillavan Industries which was bought after the end of the period.

Mr Walliker said that an actuarial review of the group pension scheme revealed substantial surplus assets. Most of that was being used to improving benefits and the group ceased making contributions in

Joan Gray considers Steetley's approach to Nottingham Brick

Building a future in facing bricks

THE PROPOSED miveled this week by Steetley, the Midlands construction group, for a merger with Nottingham Hills marks a new found confidence. in a company which three years ago found itself on the receiv-ing end of a filtin takedyer bid.

Steetley eventually escaped the clutches of Hepworth Ceramic when its hostile ofter was referred to the Monopolies Commission. But the experience clearly belped concentrate minds at Steetley, which since then has been engaged in a major cost cutting and investment programme, and building up its marketing strengths.

Its recovery has been greatly aided by the soaring demand for building materials on the back of the best year for private sector househuilding since 1973 and huoyant commercial huilding. Pre-tax profits have risen from £23m in 1983 to nearly £37m last year, and analysts are expecting up to

analysis are expecting up to £45m this year.

The challenge facing the company has changed during the past 12 months from one of achieving recovery, to the more difficult one of positioning itself to take advantage of the present

buoyancy of the market.

The approach to Nottingham shows this strategy being pursued in the hricks market. which provides about one-third

pursued in the hricks market, which provides about one-third of group profits.

The drawback is that Nottingbam is not keen on the idea of the merger, which Steetley's board announced in a surprise statement late on Wednesday." We will make an appropriate statement in future, but the corporate view is that we wish to remain independent," said a Nottingham Brick director. "To say we are fighting the merger is premature because it assumes Steetley will make a hid and they hava not yet. Wa just want to remain independent."

If Steetley Brick manages to add Nottingham's 110m facing hricks a year, the result will be a company with an annual output of 510m of the unusually coloured high-quality "designer" bricks of the type now most favoured by more upmarket housebuilders, and the fastest growing part of the in-

dustry.
This would take Steetley, at present number two, to almost the same size as Britain's largest producer of facing bricks, Hanson Trust's Butterbricks, Hanson Trust's Butter-ley, The nearest rivals are Redland and Ibstock, which produce between 200m and 250m facing bricks a year each. Steetley, with a turnover of E408.7m and profits of £36.34m last year, compared to Notting-ham Brick's £730,000 first-half profits on sales of £4.42m, is a determined company.

It has invested more than

£23m on new factories and £23m on new factories and equipment in the last two years, incloding £12.5m on its Park-house automated brick factory in Stoke on Trent. This is helieved to be the most advanced brick plant in



Mr Leslie Tench, managing director, of Steetley Brick

Europe, and is now running at full capacity, making 64m bricks a year with an output per worker more than twica as high as older plants and unit costs 25 per cent lower.

Steetley wants Nottingham Brick fgor four main reasons, said Mr Richard Miles, managing director of Steetley. Nottingham would fill in gaps

in production by adding its plants in the East Midlands to Steetley's in the north and west.

glove geographically in Steetley's pattern and would also fit in with our brick marketing,"
said Mr Miles. "Wa have a new
brick marketing team in place
and now they're ready for the
challenge of a larger company."

Tha spearhead of Steetley Brick's marketing team is the subsidiary's managing director, Mr Les Tench. He has spent most of his working life "having fun turning bathrooms from a commodity into a fashion business. And now I want to do the same with bricks."

Steetley would be brought nearer to the key markets in south east England which account for about a quarter of all hricks sold in the UK. And Nottingham's ivory bricks mada from its paler local clay would complement Steetley's product range from Stoke's dark Etruria mark.

"Nottingham Brick fits like a "no particular statement."

"Nottingham Brick fits like a "no particular statement."

"Nottingham Brick fits like a "no particular statement."

"So I dug up the fertilised, spiked and rolled front lawn and turned it into a carpark and divided up the directors offices to give the rest of the staff more space to do their johs."

It remains to be seen whether such a style will appeal to Nottingham.

commend them. "So-I obsoleted the entire Parkhouse product range be-cause they were not meeting customers' requirements, and demanded a whole new range

of brick types to be in produc-tion in three months." already knew how to use the new electronic kilns at Parkhouse to produce different coloured and shaded bricks by altering the temperatures and

attering the temperatures and times and oxygen levels of firing. They also added extraingredients to produce the spotted, streaked, and multicoloured flashed bricks which are now Steetley's best sellers. "It is a new product range aimed at househulders in the southeast where if you are parsouth-east, whera if you are pay-ing £150,000 for a three-hedroomed semi-detached you do not want a plain red brick," said Mr Tench.

Mr Tench's attentions were not limited to completely chang-ing the product range. ing the product range.

"Tha whole business needed a cultural shock," he said. "It was a typical traditional production led industry, with nica hig offices for the senior staff, lots of prominently-labelled places to park their cars, drinks cabinets in most of the directors offices, and everybody calling each other sir.

"So I dug up the fertilised, spiked and rolled front lawn and turned it into a carpark and divided up the directors offices to give the rest of the staff more space to do their

Catalytic Systems: Profit £6.9m; good sales of

Materials Technology: Profits up 24% to

£7.8m. Platinum and specialised industrial

rationalisation are now working through.

Precious Metals: Profits up 82% to \$8.9m.

Buoyant demand for platinum group metals.

Colours and Printing: Profits up by 52% to

products were strong. Benefits of

Strong recovery in refining.

autocatalysts in Europe.

CHASE MANHATTAN CORPORATION US\$400,000,000

Floating Rate Subordinated Notes due 2009

For the three months 5th December, 1986 to 5th March, 1987 the Notes will carry an interest rate of 63/4% per annum with a coupon amount of U.S.\$159.38 per US\$10,000 Note, payable on 5th March, 1987

Bankers Trust Company, London

Agent Bank

CROSSLAND SAVINGS, FSB

£3.8m. Good recovery in demand for ceramic

Finance: Continued reduction in borrowings.

Outlook: The benefits of rationalisation and reorganisation are now being reflected in the

results. The group continues to concentrate on

advanced materials and precious metals

technology, with particular emphasis on

improving quality in all its activities.

colours and pigments.

Interest down 42%.

U.S.\$100,000,000 Collateralized Floating Rate Notes, Series A due December 1997

For the three months

5th December, 1986 to 5th March, 1987 the Notes
will carry an interest rate of 6%6% per annum with an
interest amount of U.S.\$1,640.63 per U.S.\$100,000 nominal
The ralevant interest payment date will be
5th March, 1987

Listed on the Luxembourg Stock Exchange Bankers Trust Company, London

Agent Bank

are the contribution of th

artisement is issued in compliance with the requirements of the Council of The Stock Exchange, it does not constitute an invatation to the public to subscribe for or purchase any shares. **BRINT INVESTMENTS PLC** Acquisitions of **Tyndall Group Limited WestAvon PLC** Placing and Open Offer to Shareholders The English Trust Company Limited SHARE CAPITAL 17,000,000 Ordinary Shares of £1 each 13.314.005 Brint Investments PLC is the holding company of a number of operating subsidianes involved in the financial services sectors in periodic Tyndali & Co. and Tyndali & Co. (late of Man) Limited which provide benking services and WestAvon PLC which In particular Tyndalf & Co. and Tyndalf & Co. use of many ballaces with its clients and 3.200,000 Ordinary Shares with its clients and 3.200,000 Ordinary Shares with L. Shares with its clients and 3.200,000 Ordinary Shares with L. 3,872,829 Ordinary Shares were offered to shareholders of Brita Investments PLC pursuant to the Open Offer. The Ordinary Shares which are the subject of the Acquisitions, the Open Offer and the Placing arrangements. A total of The Ordinary Shares which are the subject of the Acquisitions, the Open Offer and the Placing rank in full for all dividends and extrabutions hereafter declared, paid or made on the Ordinary share capital of the Company. The Council of The Stock expected that declings in the Ordinary share capital will commence on 8th December, 1986. Listing particulars relating to 88 million of the Extensional Services. Copies of the latting particulars relating to usual business hours on any weekday (Saturdays excepted) up to and including 19th December, 1986 from: The English Trust Company Limited

The English Trust Company Limited
4 Fore Street
London EC2Y 5EH

Chartion Seaf Dimmock & Co 75 Cross Street Manchester M60 2EP



UK COMPANY NEWS

Food fuels Salvesen's profit rises

Christian Salvesen lifted its 38 per cent.

The marine and industrial modest level—£641,000 compared with £456,000 received.

September 30 1986 helped sharp decline in oil prices, with a consequent decline in profit. The company's brick interests had another record per largely financed by the cash the high street multiples like arising from the housebuilding.

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MNOUNCED

Series Course Total

Jan 12 Jan 3

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Jan 16

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Jan 19

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ahead to £138.3m (£133.7m). Mr Gerald Elliot, the chairman, said the company's food activities, which had provided two-thirds of the £22.2m (£18.8m) operating profit, were

Margins fall

Godfrey Davis (Holdings) re-

"We are in a year of con-solidation following a period of

panies for just over £1m.

at Godfrey

Davis

The food, property, marine and industrial company reported profit up from £18.3m to £21.5m on turnover that moved the deciment of the food, property, marine on a major new brickworks which would increase total output by more than 70 per cent. Mr Elliot explained the decision to move out of both housebuilding and fishing as one designed to emphasise the focus of company business on

arising from the housebuilding M&S move their storerooms off After tax virtually unchanged at £7.6m, earnings calculated on a weighted average emerged at 5.01p (4.32p). The ing £50m a year adding to its declared interim was 1.375p network of coldstores, distribution

man, said the company's food activities, which had provided two-thirds of the £22.2m (£18.8m) operating profit, were expanding vigorously and had performed extremely well in the UK, on the continent and in the US. He expected them to keep full year profits ahead of last year's.

The new investment at Bourne. Lincolnshire, had contributed to a record pease season and overall the sector had upped its trading profit by

The disposal of the seafoods business, coupled with the combad upped its trading profit by

Table to membasize the focus of company business on providing and fishing as one designed to emphasise the focus of company business on providing efficient services for Christian Salvesen is resting to the focus of the saily on top of a bountiful pease assily on top of a b

Baker **Perkins** falls by over £4m

WEAK MARKETS in the early part of the year, lack of large and profitable contracts on the food machinery side, and the cost of further rationalisation in England and France, combined to cut substantially the first half profit at Baker Perkins.

The market reacted marking the shares down 14p to 225p.

Profit before tax was cut from £7.34m to £3.17m in the period ended September 30, 1986. But the directors were confident that results for the second half would be good. The interim dividend is 3.25p (3p) net.

They stated that recent improvements in order taking meant that most factories were well loaded for the rest of the year. They believed there would be a return to profitability in the bakery and chemical machinery business, and that would be backed up by much reduced rationalisation costs. For the 1885-86 year pre-tax profit came to £16m. aprovements in order taking

Sales in the six months totalled £137.85m (£128.3m) and produced a gross profit of £38.48m (£36.86m). Expenses rose by £5.3m and so cut the operating belance to £4.69m (£8.37m), and interest charges were up to £1.51m (£943.000). Earnings

£1.51m (£943.000). Earnings fell to 4.6p (15.4p).

The UK accounted for £3.24m (£8,29m) of the operating profit. Western Europe and the rest of the world went into losses respectively of £676,000 (profit £1.81m) and £217,000 (profit £96,000), while North America moved into e surplus of £1.74m (loss £1.9m).

In 1985 Baker Perkins

of £1.74m (loss £1.9m).

In 1985 Baker Perkins
BCS (food machinery)
executed some exceptionally
large and profitable contracts; this time, however,
there were few similor contracts and costs were incurred in excess of those provided. Rationalisation costs,
were over £1.5m, net of
savings.

comment

The City had been expecting bad news but it had not bargained for profits being halved. As a result analysts were yesterday downgrading their estimates for the year from between £17m and £18m to between £15m and £16m. Part of Baker's problem was its decision to take the rationalization and £15m and £15m. alisation costs in France and the UK on the chin: other companies might have taken them below the line. Another £1.7m blow was dealt by unexpected costs in getting two software contracts at BCS np lem seems unlikely to recur. The long term outlook for Baker is reasonable as demand for its products is rising at about 10 per cent a year. The rapid growth in the printing division's profitabi-lity will be difficult to sus-tain as competition increases but the company is confident that its bakery and chemicals equipment divisions are over the worst. A pre-tax profit of £15.5m this year puts the prospective p/e at about 9.5. That is probably low given Baker's potential but the mar-

Fine Art trebles midway profit CONTINUED GROWTH was shown by Fine Art Developments in the half year ended september 30 1986, with profits spent, almost trebled from a 16 per Comment benefits of the rationalisation plan, should keep growth going in the core business. The lcing on the Christmas cake is almost trebled from a 16 per Comment designed to arrive in the form of profits from crackers and

cent lift in turnover.

turned pre-tax profits virtually unchanged at £2.4m for the six months to September 30 on turnover up £9.5m at £65.3m. improved product and buoyant trading conditions led to an increase in turnover in the major activities — mail order and greeting cards. At the same time greater operating effi-ciency and rationalisation were growth," said the chairman, Mr Cecil Redfern. "There is every reason to believe that the ground work and investments translated into a 27 per cent increase in operating profit, and in which we are now involved will begin to bear fruit in the next financial year." further benefit came through a reduction in interest charges.

The company, whose ectivities include Ford main dealer-ships and controct hire and expected substantial progress in the second half, and are in the second half, and are lifting the interim dividend to 1.5p (1.2p) net. In the year ended March 31 1986 the group made a pre-tax profit of £10m, as benefits of the reorganisation began to show through. In the half year turnover came to £66.63m (£57.6m), operating profit to £4.33m (£3.4m), and the pre-tax balance to £3.05m (£1.06m) after interest £1.27m (£2.34m). Earnings were 2.93p (1p) per leasing, acquired three resi-dential parks this year for a total cost of £2.82m as well as two portable buildings com-The company was continuing with its efforts to improve the profitability of the Ford main dealerships, said Mr Redfern, and expected to open a new consolidated dealership in St Albans, amalgamating the three present sites. Earnings were 2.93p (1p) per

Residential Park Homes and Contract Hire was continuing to In pursuance of further expansion, the group's agency mail order business had entered a joint venture with Farepak, a premier company expand and Godfrey Davis Port-able Buildings was undergoing reconstruction and reorganisain the Christmas hamper mar-ket, and initial results from the Earnings per share were 5.8p, down from last year's figure of 6.2p. first mailing were very promis-

ERSKINE

37 PER CENT PROFITS ADVANCE AT HALF-WAY STÄGE

INTERIM RESULTS FOR HALF YEAR TO 30th SEPTEMBER 1986

Interim dividend 12p - up from 0.9p

LARGEST INDEPENDENT OFFICE EQUIPMENT

SERVICING COMPANY IN THE U.K.

Full interim statements are available on request from: ERSKINE HOUSE GROUP PLC, I ST BOTOLPH'S ROAD, SEVENOAKS, KENT TN13 3AJ (0732 460044)

£33.0 million

£19 million

6.0 репсе

• Turnover

Profit before tax

Earnings per share

GROUP PLC

cent lift in turnover.

The directors explained that improved product and buoyant trading conditions led to an increase in turnover in the major activities — mail order and greeting cards. At the same time greater operating efficiency and rationalisation were translated into a 27 per cent market and in operating profit, and further benefit came through a reduction in interest charges.

They said in the absence of unforeseen circumstances they

Erskine House lifts halfway profit by 37%

THE TRANSFORMED Erakine office equipment distribution and servicing, said Mr Brian McGillivray, the chairman.

11.4m to £1.9m, in the half year ended September 30 1986, and is raising the interim dividend from 0.9p to 1.2p net.

The 1985 figures were restated to include acquisitions on a merger accounting basis. Those acquisitions — the Barratt business from DRG in the UK and Zeno Systems in the US — transformed the shape of the group and greatly increased the commitment to

up 28%

up 37%

up 50%

omes equipment distribution and servicing, said Mr Brian McGillivray, the chairran.

The office equipment businesses, now the most important area of operation, had improved and should do even better in the second half, he added

Turnover rose 28 per cent to £33m. After tax £557,000 (£615,000) and minorities £3,000 (nil) the attributable profit came to £1.35m (£782,000) for earnings of 6p (4p) per share.

FKB improves 34% to record £0.8m

FRB Group, a USM quoted sales promotion agency, yesterday reported record interim results for the six months to September 30 1986 with pre-tax profits climbing by 34.3 per cent

Mr Alfred Singer, the chair-man, said he believed it was possible to view the group's prospects with confidence and the directors looked forward to

a most satisfactory outcome for the full year.

Turnover rose from £4.2m to £5.97m. Since the end of the half-year

FKB has acquired F. D. S. Promotions, the leading European duty-free promotions consultancy. No interim dividend is again being paid, but it is the directors lotention that the growth in dividends for the full was also an extraordinary credit of £448,000.

Success from natural growth

COMMENTS BY THE CHAIRMAN-SIR DEREK PALMAR

The results for the 52 weeks to 30th September 1986 are again at a record level with an increase in profit before taxation of 21.7%. After an initial setback in the first quarter arising from a shortage of canned beer following the Runcorn dispute last year, gains in market share were made in the rest of the year. Volume growth of lager continued at a substantial rate despite a rather poor summer. Growth in profitability from the pub estate was very good. Profits from soft drinks and take-home sales of beer improved substantially. Wines and spirits activities have been rationalised and profits suffered from the costs of reorganisation.

Leisure profits before the contribution of asset sales, were up by 26.4%. Crest Hotels continued its profit advance despite a difficult summer. Profits were again depressed in the British holiday market and this, together with a revaluation of that estate, has led to the decision to provide for a permanent diminution in the value of the estate. We shall continue to operate Pontin's United Kingdom holiday centres, taking whatever measures are necessary to improve the present level of profits. The performance of Bass Horizon Hotels was most encouraging. Bass Leisure, Coral Racing and Coral Social Clubs showed marked profit improvement.

The Company invested £303m in capital assets and a further £340m has been allocated for capital expenditure in the current year.

Trading in the current year to 30th September 1987 has started well. We shall continue to work hard for increased productivity, improved margins and further expansion. Prospects for the Company are good.

PRELIMINARY RESULTS FOR THE YEAR ENDED 30th SEPTEMBER 1987

		52 weeks to 30.9.86		52 weeks to 30.9.85
Тинтомон		£m		£m
Turnover Brewing, drinks and pub retailing Leisure		1,966.9 742.8 2,709.7		1,769.6 641.2 2,410.8
Trading Profit				
Analysed: Brewing, drinks and pub retailingoperationssurplus oo disposal of fixed assets	252.8 13.0	265.8	214.2 10.9	225.1
Leisure operations surplus on disposal of fixed assets	57.4	61.8	45.4	43.3
		327.6	()	268.4
Profit before taxation				
Taxation		310.4 111.5		255.1 90.3
Profit after taxation				
Attributable to outside shareholders		198.9 3.8		164.8
Extraordinary item (Note)		53.5		0.2
Preference dividend		0.3		0.3
Earnings available for ordinary shareholder	S	141.3		164.3
Ordinary dividends - per share		17.0p		14.7p
Earnings per ordinary share		59.5p		50.4p

The Company instructed experts to carry out a valuation of the Group's properties as at 1st October 1980 It is expected that a surplus in excess of £700 million (excluding the United Kingdom holiday centres) will arise from this valuation, which will be included in the Group's reserves in 1987. There has been a decline in the profitability of United Kingdom holiday centres is recent years. The Directors commissioned a valuation of the centres as part of the overall valuation and, as a result, have decided to provide for the diminution in value of the properties and for related expenses (less tax£1.5m), which will be incurred in reorganising them.



Fairline rises above £1m

second six months of 1985-86 second six months of 1983-50 fill second for the full year returned profits of £1.2m pre-tax, an improvement of 48 per cent over last time's £806,354.

Furthermore, the current year has started well and the company has an excellent order book.

The year to September 30 second with exports again accounting for well over half.

Examings emerged at 21.99 (14.4p) per share and e final dividend of 4p (2.7p) lifts the total to 6p (4.2p) net.

The directors said the balance sheet was strong and they did not anticipate any investment programme funding difficulties.

AS EXPECTED Fairline Boats 1986 saw turnover of this boat continued to expand over the builder incresse from £9.9m to £12.66m with exports again

ket will take a while to for-

give the company for yester-day's jolt.

BOARD MEETINGS

	TODAY Interiens: Alpine Goft Orinks, Edbro, Kennedy Smele, Parkdele, Gtormgard.	
١	Finals: Hunslet Holdings, Pict Petroleum.	
ł	FUTURE DATES	
1	litterims: Gilbert House Investments Osc. 0	

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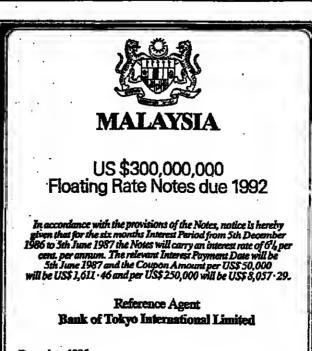
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NOVEMBER 1986



Continued Strong Growth

"Since the beginning of this fiscal year, in which we have had a most successful rights issue, taken up by the holders of 99.2% of the share capital, the group has performed extremely well. It has achieved a high utilization on both its container and trailer rental subsidiaries, plus a strong increase in both fleets. The group's successes are continuing in the second half of the year, with all areas operating well." Robert J. Montague, (Executive Chairman).

The Directors announce the unaudited consolidated results for the half year ended 31st October, 1986.			
	Half Y	Year to	
	31st Oct '86	31st Oct '85	30th April '86
	£000	£000	£000
Turnover	15,827	10,098	25,308
Profit on ordinary activities before taxation	1,508	1,022	2,770
Taxation (advance corporation tax written off)	(173)	(153)	(360)
Profit after taxation attributable to shareholders	1,335	869	2,410
Dividends Preference	(141)	(175)	(315)
Ordinary (Note 3)	(282)	(182)	(549)
Profit attributable to ordinary shareholders	912	512	1,546
Dividends per ordinary share (Note 3)	1.430	1.250	3.73p
Earnings per ordinary share (Note 4)	7.9p	6.0p	16.2p

Notes

1. The results for the year ended 30th April, 1986, are abridged from the company's full accounts, which have been filed with the Registrar of Companies and which received an unqualified auditor's opinion.

2. The unaudited figures for the half year to 31st October, 1986, include the results of Grampian Containers Limited, which was acquired in October, 1985, and contributed a profix before tax of £120,000 for the surmonths ended 30th April, 1986. The figures also include the results of Central Trailer Rental (Dermark) A/S, which was acquired in February, 1986, and Central Trailer Rental (Hollano) By, which commenced operations in April, 1986, both of which made only a minimal contribution to group profits in 1985.

3. The Interim ordinary dividend of 1 43 pence per share will be paid on 30th January, 1987, to ordinary shareholders registered at the close of bosiness on 8th January, 1987.

4. The calculation of the earnings per 10p Ordinary share for each year is based on the weighted average number of shares in issue, which includes the rights Issue in October, 1986, and shares issued on the acquisition of Central Trailer Rental (Dermark) A/S (formerly PMO Trailer Lessing A/S) in February, 1986, and assumes that the capital reorganisation associated with the flotation in July, 1985, had been in place throughout the year to 30th April, 1986.

But this activity does little to solve immediate accommoda-

The City of London spreads west

THE CITY of London is no longer an exclusive market, subject to its own peculiar whims and trends. Unmet demand for office space has pushed potential tenants west, south and east so that the City no longer denotes e combined address and function. It is just

gfM ehrdlu cmfwyp vbgk vbkij But this has been happening at the same time as in the West at the same time as in the West End of London—the business districts of Mayfair, St James's, Sobo, Covent Garden-Strand, Victoria-Belgravia and Marylebone-Bioomsbury—demand has also ben outstripping space.

In e property context, the two areas are merging together to form a central London market. The linchnin is the financial

1986 City Office Review, bas recorded a demand for 6m sq ft
of office spece in units of 20,000
sq ft or more, and of that
over into each other. And what banks and securities houses. Broken down further, nearly two thirds of this financial sector demand is from

Richerd Ellis after anelysing the results of a survey carried out earlier this yeer of office Second, the growing pre-occupiers, the take-up has in-eence of foreign interests. Just creased significantly over the last 18 months.

Demand for office space is growing fast enough to merge the City and West End markets Adelphi Building in the Strand area by Manufecturers Hanover Trust and the earlier tenancy taken by Salomon Brothers of investment came from overseas.

taken by Salomon Brothers of Victoris Plaza point up the movement because, had the space been available, they would have no doubt preferred to have been in the City.

But there is a movement the other way. "From our survey, we found that those companies considering a non-West End loca-

also ben outstripping space.

In e property context, the two areas are merging together to form a central London market. The linchpin is the financial community, growing by virtue of the development of London as an international centre and stimulated by the deregulation of the second that those companies considering a non-West End location most frequently selected the City as a possible alternative. Similarly although the native Similarly although the majority of companies moving into the West End came from the City. In each, financial companies considering a non-West End location most frequently selected the City as a possible alternative. Similarly although the community, growing by virtue majority of companies considering a non-West End location most frequently selected the City as a possible alternative. Similarly although the community, growing by virtue of the City. In each, financial community, and the city as a possible alternative. Similarly although the majority of companies considering a non-West End location most frequently selected the City as a possible alternative. Similarly although the majority of companies moving into the City. In each, financial community, growing the city and the City as a possible alternative. Similarly although the majority of companies moving into the City. stimulated by the deregulation of the securities markets.

Jones Lang Wootton, in its 1986 City Office Review, bas re
Put another way, what had

two thirds of this financial sector demand is from overseas.

The demand from the financial sector bas spilled over into the West End where, noted

Figher Fills after a polysing generally associated with the West End.

as Jones Lang found a higher portion of the tenant demand in

investment came from overseas.
That investment took place in the 15 months to September. But it has been roughly over this period that the newest foreign element on the market has started to be influential.

This is the interest from Japan, following the path trodden by US and continental European companies. US and continental European companies.
Vigers have calculated that up to 15 major Japanese companies are seeking City property investments. But geographically the Japanese needs spread west:
witness the Jspanese Airlines purchase of the Montcalm Hotel near Marble Arch and the Shimitar Construction and the Standope development, Broad-State. near Marble Arch and the Stand Shimizn Construction purchase gate. of e Mayfair property for re-

tion problems, because nearly two thirds of the spece under construction has been pre-let. The foreign interest, combining with domestic demands, points to a buoyant market. In neither the City nor the West End is there anything like enough property available to meet current demand.

According to Richard Ellis.

5.7m square feet of new office accommodation will be developed in the West End by 1990. But annual turnover in the West End is more than 4m square feet more. This suggestions has been pre-let. Indeed, developers can now bold tenders for space becoming available.

At the same time, Jones Lang calculated, planning permissions had been granted for over 8m square feet of further space and planning applications has been pre-let. ing with domestic demands,

the West End is more than 4m square feet, nearly at current city levels. "On an average basis this new supply represents some 100,00 square feet per annum less than was pro
nad been lodged for nearly 6m square feet more. This suggests a matching of supply and demand within the next three years if plauning consents are taken up.

"Implementation of all existthe City coming from inter- per annum less than was pro-

could create an excess of supply overall by the beginning of the 1990s unless a corresponding new demand is generated during the interim," the Jones

Lang report said.

It is all very uncertain, at least in the immediate confines of the City. "You tell me what will bappen in the banking world over the next five years where, until recently, there was an over-supply.

In the City, interpreted in the widest sense as stretching west into Holborn, out over the eastern boundary and south to London Bridge, Jones Lang reported that in the middle of the wear three was dishibly and I'll tell you what will hap-pen in the property world," commented Mr Chris Peacock of Jones Lang. In the West End, bowever

there seems little chance that the supply and demand will fall into balance, et least in the districts covered by the Ellis survey.

This is partially reflected in

the rent levels being touched. The market has been strong in the City, but so strong in the West End that, according to Mr Julian Shellard of Richard Ellis, "the rents ere closer than they have ever been to those in the City."

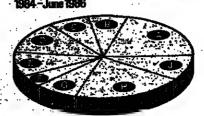
This refers to the top rents in

the prime areas like Mayfair and St James's on one hand, and the top rents in the central City area on the other. But ents outside the City core bave in fact been rising faster than those within it, so that the differential between the two has probably narrowed to around 15 per cent from 50 per cent in the early 1980s.
Rent levels, bowever, are only

symptomatic of a fundamental factor. New construction is proceeding much faster in the City than in the West End. Over, say, three or four years, the

WHO NEEDS THE SPACE?

Takers in the West End



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Advertising Miscellaneous Demand in the City End June 1986

Foreign Banking and SecuritiesUK Banking and Securities Solicitors and Accountants

insurance Business Services Others

Acquired for occupation



pressure on rent levels is likely Edwardian centre. Since the cut-to be stronger in the West End off point of the Jones Lang than in the City if current levels survey, a spate of new planning or demand are maintained.

This, in turn, points up the difference in planning policies between the City of London Corporation and the Westminster City Council.

Since last May the City has of demand are maintained.

Since last Mey, the City has been following policies designed to remove constraints on devel-opment outside the central core area, the historic Victorian and

permissions has been granted. But no such policy has been followed by Westminster, whose main conservation area in St James's and Mayfair is precisely

the City because often they rule out refurbishment behind exist-ing facades, a relatively common practice in the City, by demand-ing the preservation of in-

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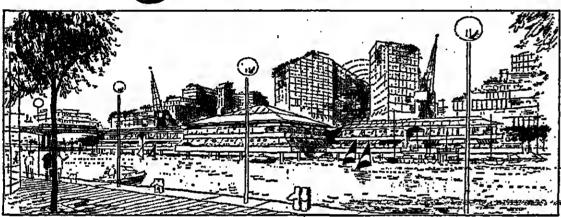
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Given thet office unit sizes in ae West End are generally the aree which is most seductive for newcomers seeking accommodation.

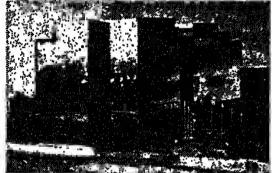
Indeed, the conservation policies of Westminster are arguably stricter than those of

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ON JANUARY 30, 1987

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Company Notices

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED (incorporated in the Republic of South Africa)

Registration No. 01 05309 66 NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS TO BEARER PAYMENT OF COUPON No. 106

th reference to the notice of declaration of dividend advertised in the Press. 25 November 1986, the following information is published for the guidance holders of share warrants to begans: The dividend of 62.5 pents per share was declared to South African currency. South African non-resident shareholders' tax at 8.5775 cents per share will be deducted from the dividend popular in respect of all share warrant coupons leaving a net dividend of 55.8225 cents per share.

The dividend on bearer shares will be paid on or after 23 January 1967 essingt surrenter of coopen No. 105 detached from share warracts to bearer as ander: (a) At the codices or the bollowing continents) paying agents: Swist Bank Corporation.

4002 Basie. Union Bank of Switzerland, Cahohofstrame Bahohofstraszi 8021 Zarich.

continental paying agent concerned.

At the Securities Department of Hill Samuel & Co. Limited, 45 Beech Street, London ECEP 2LJ. Unless persons depositing coupons at such obice request payment in rand to an address in the Republic of South Africa, asyment will be made in United Kingdom currency either.

(i) In respect of coupons lodged on or prior to 16 January 1987 at the United Kingdom currency equivalent of the rand currency value of their dividend on 22 December 1986; or (ii) in respect of coopons lodged after 16 January 1987 at the prevailing rate of special coopons lodged after 16 January 1987 at the prevailing rate of special in exchange in Johannasbure to the Securities Department of Hill Samuel & Co. Limited.

3.00 B.m. task Kingdom Intome tax will be deducted from payments to any person in United Kingdom in respect of coupons deposited at the Securities Desartnt of Mili Sambel & Co. Limited, unless suck tolepons are accompanied by a manual content of the Companies of the Companies

9.447500

44.375000

5.677500

ANGLO AMERICAN CORPORATION OF SOUTH APRICA LIMITED <u>gge</u>

AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED (Incorporated in the Republic of South Africa)
Registration No. P1(P2154)06 NOTICE TO HOLDERS OF PREFERENCE STOCK WARRANTS TO BEARER

PAYMENT OF COUPON No. 78

With reference to the declaration of dividend announced on 2nd December, 1985, the following information is published for the guidance of holders of stock warrants to bearer.

The dividend of 5 cents nor only of the guidance of holders of stock.

be presented any regentary executely analysis and 3 p.m.

Inited Kingdom Income tax will be deducted from payments to any Person
in the United Kingdom in respect of coupons deposited at the Securities
Department of Hill Samuel & Co. Limited, unless such coupons are accompanied
by inland Revenue non-residence declaration forms. Where such deduction is
under, the net amount of the divisend will be the United Kingdom currency
equivalent of 2.13 cants per ords of stock in terms of such african Corrency

South African Corrency

South African Corrency

South African Corrency Cents per Unit of Stock 3.00

2.15 ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED LONDON SECRETARIES LONDON SECRETARIES F. E. C. DECKET

GGG

state: the double lox namement between the United Kingdom and the Renable Under the double lox namement between the United Kingdom and the Renable Courts Africa. The South African pan-resident sharpholders tax applicable to the divident and the state of the divident. The deduction of tax at the reduced rate of 14% Issued of the divident. The deduction of tax at the reduced rate of 14% rate of 18%.



AMER GROUP LTD

NOTICE OF THE ANNUAL GENERAL MEETING The Annual General Meeting of the shareholders of Amer Group Ltd will be held at the Group's Head-Office at Tuusula on Friday 19 December 1986 at

2 pm (Finnish time). The meeting will deal with matters of ordinary business, complying with peragraph 15 of the Articles

According to the Articles of Association, any share-holder wishing to ettend the Annual General Meeting should inform the Company's Head Office by phone on 358-0-255 311/155 or by letter to Amer Group Ltd, POB 12, SF-04501 Hyrylä, Finland, not later than Tuesday 16 December 1986. A shareholder who has not heen entered in the share register must provide evidence of his titla to his share.

The dividend less statutory advance tax proposed by the Board of Directors shall be payable, subject to approval by the Annual General Meeting, et any office of Kansallis-Osake-Pankki in Finland from Monday 22 December 1986.

The right for exemption or reduction of advance tax will expire on 22 Jnauary 1987.

Copies of the documents concerning the closing of accounts are open for inspection by the shareholders as from Tnesdey 9 December 1986 at the Group's Head Office at Tuusula. Upon request the Company will also send copies of the said documents to the shareholders. BOARD OF DIRECTORS

Legal Notices

A client of the undersigned company has an onsatisfied Final Judgmeot in England given by the High Court of Justice, Queen's Bench Divisoin, London, against, inter alfa, MR. SLIMANE BOUGUERRA

for US\$4,542,501.95

Anyone with information as to where assets of Mr. Silmane Bouguerra may be located is invited to contact: CONCORDE INTERNATIONAL (UK) LIMITED 51, Berkeley Square; London WIX 5DB (Attn. MH/AFN)
(Tix: 9419145 CONCRD G)

FT COMMERCIAL LAW REPORTS

'Grates and stoves' includes hair dryers

coal in grates and stoves. It fell to be considered in an

No doubt it would be pos-

conceded, was within the scope

of the phrase. There was no basis in principle, commercial justice, common sense or reason, for requiring the owners to pay for the cost of fuel used

to run an air-conditioning plant

when it was blowing hot but

not when it was blowing cold.

The same could be said of fuel used to cool food in freezers or refrigerators, as

age when time chartarers' fuel with the majority arbitrators,

was used to produce steam and was that clause 20 was in-olectricity for domestic light-tondod to extend the owners'

hoating,

Court of Appeal (Sir John Donaldson, Mastor of the Rolls, Lord Justico Lloyd and Lord Justice Nicholls): December 2 1986

A SHIPOWNER'S liability to pay for fuel used for "cook-ing . . . grates and stoves" under the New York Produce Exchange form of time charter covers fuel for all tho crew's domestic purposes and not merely for cooking and

The Court of Appeal so held when allowing an appeal by chartorers, British Steel Cor-poration, from Mr Justice Gatehouse's decision that Summit Investment Incorporeted, owners of the Sounien, were liable to account for the crew's domestic heating only, and not for fuel for other domestic uses.

SIR JOHN DONALDSON said that in 1913, which saw the birth of the Nype form of time charter, ships wero steam-drivon

charter, ships were steam-driven and boilors were coal-fired. The crew's quarters were equipped with grates and stoves.

Today many ships used oil. A ship equipped with a grate or stove must be a great rarity, Nevertheless, the Nype form continued to refer to "grates" and "stoves," and the court was called upon to construe the phrase. phrase.

The scheme of the timo The scheme of the timo charter was that owners should provide for the crew, insurance and stores, and charterers paid hire and mot the additional expenditure involved in movement of the vessel.

The only complication was the company of the state of the

Tho only complication was when the same commodity had to be bought and used partly for owners' and partly for charterers' purposes. Adjustments were made so that each bore a proportion of the cost. In 1913 coal was in that catogory, boing required for raising steam when the vessel was under way in fulfilment of

raising steam when the vessel was undor way in fuffilment of charterers' purposes, and for burning in grates and stoves to enable the crew to cook and remain warm, which were owners' purposes.

In 1946, when the charter was last revised, coal had disappeared and been replaced by oil. Oil not only drove the engines and provided for warmth and cooking, it also provided and cooking, it also provided and cooking, it also provided alghting used almost exclusively for owners' purposes, and power for crews' (and therefore owners') purposes, and for the therefore allowed tha owners' appeal.

In seeking to divine the court had to place itself in thought in the same factual matrix as that in which the parties were, and was justified in assuming that both intended to further the commorcial purpose of the charterparty.

The phrase did not fall to be construed in the context of an age when lighting was produced by lamps fuelled by a source of energy (parafin) other than the parties were and stoves."

The charterers appealed.

In seeking to divine the therefore allowed tha owners' appeal.

In seeking to divine the court had to place itself in thought in the court had to place itself in thought in the court had to place itself in assuming that both intended to further the commorcial purpose of the charterparty.

vidoos, radios, pin-beil machines, the vessel's fuel and when in a different category, but it hair dryers and electric razors. domestic heating was provided clause 2 of the charter provided that the charterers should coal in grates and stoves. provide and pay for all the fuel except as otherwise agreed." Clause 20 provided that fuel used by the vessel while off-hiro and "for cooking... or for grates and stoves... to be

ing, heating, cooking and "any liability to all fuel used for other fuel-consuming indul-gences that the crew might be whather that were lighting, allowed by owners."

The problem was how "or for allowed." grates and stoves" was to be construed in November 1979 fuel was used to provide allowed.

domestic heating which, as was conceded, was within the same and surface transfer to the same and surface transfer when the relevant charter was agreed. The charter contained an

arbitration clause providing for three arbitrators. All three rejected the viaw that the phrase should be treated as inapplicable in modern conditions and ignored. A majority decided that the phrase was to be construck as reforring to fuel for crew's domestic purposes.

They said the intention of clause 20 was to provide that the owners remained respons-

inle for the cost of fuel con-sumed solely for crew's pur-poses and the fact that the power source might have altered and the range of equip-ment was extended in no way detracted from the fundamental principle that fuel for demestic consumption remained owners'

account.

The minority arbitrator decided thet the phrase was to be construed as reforring only to the cost of fuel used for crew's domastic heating. He said that giving the words "for cooking . . . or for grates and stoves" their ordinary and natural meaning, they were not appropriate to cover fuel need appropriate to cover fuel used in providing "air-conditioning,

in providing "air-conditioning, or power for telovisions, video machines, pinball machines, hair dryers and any other fuel-consuming indulgence the crew may be allowed."

Mr Justico Gatehouse said that whilo ho recognised the commercial good sense of the majority viow, the minority approach was correct. To construo the clause as referring to the supply of heating for the the supply of heating for tha

ways which are incalculable, intangible. Yet, transcally, many musicians lack the material enrichment to ward off hardship when illness or accident strike.

laskyou, music-lover, to consider a gift to the Musicians MUSICIANS BENEVOLENT FUND,

Philip Cranmer, HonDMus, WA, FRCO, Charlym

Please make the Fund a beneficiary under your Will, or send a donation to:

Martin Williams, Secretary,
16 Ogle Street, London WIP 7LG

Company Notices

RAND MINES LIMITED gistration Company Limited)
gistration Number 01/00556/06
(Incorporated in the
Republic of South Africa)
A Member of the
Barlow Rand

PAYMENT OF COUPON NO. 95

19 Souteward dex Italiens, 75002 Paris.

Paris.

Coupons muse be left for at least four days for examination and may be presented any westcay (Schirdays excepted) between the hours of 10.00 a. R. and 10.00 P. South Africa non-resident stareholders the will be deducted at the rate of 15 per cont. United Kingdom income tax will sto be deducted from coupons presented for payment at the Schirday England Revenue of Hill Samuel & Co. Limited, unless coupons are accidented declarations of the stare that the samuel of the deducted from coupons presented in the samuel of the dividend is as follows:

320.0P 100.1920S 48.00 15.02881

272.00 85.16324

Secretaries of the Company in the United Kingdom; Charter Comsolidated Services Ltd 40 Holborn Vladuct. London ECIP 1AJ. London ECIP 1AJ.

4th December 1986.

NOTE: The Company has been asked by the Commissioners of Inland December 1986 to the Commissioners of Inland December 1986 to the Commissioners of Inland December 1986 to the County of South Africa, the South African won-resident shareholders tax applicable to the dividend to allowable as a credit assinat the United Kingdom tax payable in respect of the dividend are presented in the Commission of 1456 instead of at the basic rate of 1456 instead of at the basic rate of 2956 represents an allowance of credit at the rate of 15%.

Legal Notices

THE ROYAL BANK OF CANADA
Floating Rate Debenture Notes
disa 2085
NOTICE IS HEREBY DIVEN that for the
interest period commencing 8th Decembar 1985, the notes will beer laterest
at the rate of 64% per annum. The
interest payable on 8th March 1987,
ageinst coapon 3 will be US\$16.114583
per US\$1,000 nominal.

Agent Bank. Agant Bank. ORION ROYAL BANK LTD.

CHARITY COMMISSION CHARITY THE WILLIAM LEECH PROPERTY TRUST

The Charity Comrelsioners propose to make a Scheme for this Charity. Copies of the draft Scheme may be obtained from them (ref: 255491-A/1-11) at St. Alben's House, 57-60 Haymerket, Leddon SWIY 4QX. Objections and suggestions resy be abet to them within one month from today.

EXTRAORDINARY INFORMATIVE MEETING OF SHAREHOLDERS to be field at the offices of AVIRENTO 8.V., Heer Bokelwey, 133, Rotterdum,

09.00 hours.

1. Opening, AGENOA

1. Opening, AGENOA

1. To discuss the proposal to alter the Company's Articles of Association. It is proposed to alter the financial of the Company and to adjust Article 36 of the Articles of Association as follows:

Pressent land:
Article 36

The Company's flashcial year shall run from the first day of March to the last day of February inclusive, of each year.

Pressent land:
Article 36

1. The Company's flashcial year shall run from the first day of shall year shall run from the first day of Jenuary to the thirty day of Jenuary to the thirty day of December, inclusive, of each year.

2. The date of closure of the

Stock Office Services, 3rd Figor, 25 Old Broad Street, London EC2N 1EJ (1987) and 1988 Street, London EC2N 1EJ (1987) as followers of 10 a.m. and 2 p.m.) as followers.

EXTRADROINARY INFORMATIVE THE STATE OF THE S

freezers or refrigerators, as contrasted with fuel used to defrost and boat that food.

The "fuel-consuming indulg-ences" of the crew might be full texts of judgments, for subscription dotails contact Kluwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD. Phone 01-831 0391.

"If music has enriched your

life, why not leave behind a

gift to musicians."



SIR CHARLES GROVES CBE Music enriches us all - performer and audience affre-in

Benevoleni Fund in your WIII. If you feel at all indebted to those who bring us such pleasure, here is the kindest way to

RORENTO

AGENDA

of December, inclasive, of cach year, ...
The dais of closure of the financial year, which commenced on the first day of March, nipeteen hundred and elohy-six shall be the thirty-first day of December, nineteen hundred and eighty-six.

Closure.
EXTRAORDINARY GENERAL
MEETING OF SHAREHOLDERS
be keld at Marshall Square. Frontier 18. Philipsburg. St. Maarten,
otherlands Antilled. on Wednesday,
th December, 1986, at 11.00 hours.
AGENDA
Opening.

hardened and eighty-eig.

S. Closter.
Holders of Share Certificates to Bearer desirous of attending or being represented at ogs or both of the above stated Meetings, should lodge their share certificates, by hend, (notial geliveries will not be accepted), with the National Westminster Bank PLC. Stock Offers Services, 3rd Picor, 20 Old Broad Street, London ECZN 1EJ (between the houre of 1P a.m. and 2 p.m.) as follows:—
EXTRAOROINARY INFORMATIVE

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN STAR MICRONICS CO., LTD.

FOR holders are informed that Star Micronics has paid a dividend to indust of record February 28, 1986 and August 31, 1985. The cash dividend payable is Yen 25p per Common Stock of Yen 250,00 per stare, Pursuant to the Terms and Conditions the Depositary As converted to the cash and conditions the Depositary As converted States Dollars, after deduction of Japanese withinking taxes, into an analysis of the approximation of the dividend with a 15% withholding tax is subject to receipt the Depositary or the Agent of a valid addayt of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding tax. Countries currently having such arrangements are as follows:

A.R. of Egypt

F.R. of Germany
Finland
France
Finland
France
Frault
France
Frault
France
Frault
Frault
France
Frault
Frault
France
Frault
F Czechoslovalcin ireland Ren. of Koras United Kingdom Denmark Politic Ren. of Koras U.S. of America Politic Ren. of Koras U.S. of America Politic Ren. of Koras U.S. of America Politic Ren. of Corp. of Politic Ren. of Poli

gittli apply, and apply and apply ap denomination 1,000 shares Coupon No. B EOR 512.41 \$15,51 \$13.19

Citicorp Inve US\$300,000,000 Personal

TELECOMMUNICATIONS Floating Rate Notes due 2000

CAISSE NATIONALE DES

Clubs

(LUXEMAOURO) AA

Legal Notices

WESTERN MEDICAL LIMITED

NOTICE 18 HERESY GIVEN, pursuant to section 588 of the Corepanies Act 1985, that a Meeting of the Creditors of the above-named Corepany will be beld at 33/34 Charenry Lana, Loodon WC2A 1EW, on Wedendey, the 17m day of Ocember 1986, at 11.00 o'clock la the forenous, for the parposes mentipned to sections 589 and 590 of the said Act.

Onted this 1st doy of Dacember 1986. By Order of the Board, K. GARDNER, Secretary.

NOTTHINIAN LESSEES LIMITED

NOTICE 18 HEREBY GIVEN, parsant
to section 588 of the Corepanies Act
1965, that a Meeting of the Creditors
of the above-named Corepany will be
held at 33/34 Chaccery Lene, Loadoa
WCZA 1EW, on Wedassday, the 17th
day ol Occember 1986, at 12.00 o'clock
la the forencon, for the parposes
mentioned is sections 569 and 590
of the said Act.
Dated this lat day of December 1985.
By Order of the Boerd,
K. GARDNER,
Secretary.

BARBICAN

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catch up?

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Publicity Department Bracken House, 19 Cannon Street London EC4P 4BY

Jardine Matheson **Holdings Limited** ("Jardine Matheson")

NOTICE TO HOLDERS OF INTERNATIONAL DEPOSITARY RECEIPTS ("IDRs")

Evidencing 7 per cent. Exchangeable Preference Shares in Jardine Matheson Holdings Limited ("Preference Shares")

BANQUE INOOSUEZ LUXEMBOURG hereby gives notice that nn 28th November. 1986, pursuant to paragraph 8 of tha terms upon which the Preference Shares were issued (the "Schedule of Terms"), Jardina Matheson gave notice that all the Preference Shares are to be compulsorily exchanged into Exchange Property, as defined in the Schedule of Terms (which currently comprises 223,356,042 ordinary shares in The Hongkong Land Company, Limited ("Hongkong Land")) on 29th December, 1986.

Each holder of IORs is required prior to noon in Luxembourg on 29th December. 1986 to deliver the following either to the office of Banque Indosuez Luxembourg at 39 Allée Scheffer, L-2520 Luxembourg, or to the offica of Crédit Suisse at Paradeplatz 8, CH-8001 Zurich:—

(i) Tha IDR(s) held by him together with all Coupons appertaining thereto;

(ii) A duly executed Compulsory Exchange Order [in the form set aut at the foot of this Notice]; and

(iii) The other documents mentioned in the Compulsory Exchange Order.

Jardina Matheson has agreed to use all reasonable efforts to transfer not later than 26th January, 1987 the Hongkong Land shares into which the Preference Shares represented by IDRa are to be exchanged, in accordance with the directions contained in the Compulsory Exchanga Order returned by IOR-Holders.

Nn Hongkong Land shares will be transferred to any IOR-Halder who feils to comply with the requirements set out above prior to 12 mnon in Luxembourg en 29th December, 1986. In auch event, the Hongkong Land shares to which such IOR-Holder would otherwise be entitled will be sold and the proceeds of sale will be made available to the relevant IOR-Halder upon the relevant IOR(s), Coupons and Compulsory Exchange Order being delivered to Banque Indosuez Luxembeurg together with any

In accordance with the Schedule of Terms, a dividend emounting to approximately US635.389 per Preference Share will be paid on 29th December, 1986. That dividend will be paid to IOR-Holders by transfer to the US dollar account, or by a US dollar cheque (drawn nn en account with e bank in New York City) sent (at the risk of the IDR-Holder) to the address specified in any written notice given by that IOR-Holder for this purpose. Such e notice is incorporated in the Compulsory Exchange Order. An payment will be made unless a notice specifying either a bank account nr an address for these purposes has been given to Banque Indosuez Luxembourg or Credit Suisse, in either case at its address set nut above.

BANQUE INDOSUEZ LUXEMBOURG

4th December, 1986

COMPULSORY EXCHANGE ORDER

To: Banque Indosuez Luxembourg, 39 Allée Scheffer, L-2520 Luxembourg.

Crédit Suisse. Paradeplatz 8, CH-8001, Zurich, Switzerland. For Benque Indosuez Luxembourg. P December, 1986.

International Depositary Receipts ("IDRs") in respect of 7 per cent. Exchangeable Preference Shares in Jardine Matheson Holdings Limited ("Preference Shares")

1. I/We enclose:—

(i) []* IDRa numbered [] To []* to gether with all Coupons appertaining thereto;

(ii) a banker's order [see Note (a)] for []* payable to Jerdine Matheson Haldinga Limited in respect of all taxes and stamp, issua and registration duties arising on exchange of the Preference Shares represented by the above mentioned IDRs in eny jurisdiction (other than capital or stamp duties payable in Hong Kong or Bermuda)* [see Notes (b) and (c)]; and (iii) a banker's order [see Note (a)] for []* payable to you in respect of all fees, taxes, duties, charges and expenses required to be paid under the Deposit Agreement* [see Notes (b) and (c)].

1/We confirm that no taxes or stamp, issue or registration duties have arisen or will arise upon exchange in any jurisdiction (other than capital and stamp duties payable in Hong Kong or Bermuda)* [see Note (b)].

3. I/We confirm that the beneficial owner of the relevant Preference Shares, and of the shares in The Hongkong Land Company, Limited ("Shares") to be transferred on exchange thereof is not a US person [see Note (d)] or acting, directly or indirectly, for the benefit of a US person.

I/We direct that all Shares to be transferred upon exchange be registered as follows:- Name:

This Computery Exchange Order constitutes my/our authority to that person to accept delivery of those Shares and to execute a Power of Attorney in the form set out below and any other documents which may be necessary or expedient in connection with the transfer of those Shares [see Note (e)].

I/We direct that any payment to be made in consequence, directly or indirectly, of the exchange be made as follows:—
 By transfer to the following US dollar account [see Note (f)]:—

Account Name: Account Number:

(ii) By US dollar cheque (drawn on an account with a bank in New York City) made psyable to[at my risk to [][see Note (f)].

6. I/We request that [so far as possible certificates for the Shares to be transferred upon exchange of the relevant Preference Shares be issued in denominations equal to the board lot in which the shares are dealt on The Stock Exchange of Hong Kong Limited/one certificate be issued in respect of the shares to be transferred upon exchange of the relevant Preference Shares/so far as possible certificates for the Shares to be transferred upon the exchange of the relevant Preference Shares be issued in such denominations as the person named in paragraph 4 may request] [see Note [g]].

7. Except as otherwise directed in paragraph 5 above, I/We request you to cause all property receivable on exchange of the IORs or certificates or other instruments of titla in respect thereof accompanied, if required by law, by one or more duly executed ements or instruments of transfer) to be delivered at: -

(i) [] Hong Kong, at my/our risk and expense* [see Note (h)]; (ii) your Specified Office (being at 39 Allée Scheffer, L-2520 Luxembourg)* [see Note (h)]; (iii) the Specified Office of Crédit Suisse (being at Paradeplatz 8, CH-8001 Zurich, Switzerland), at my/our risk and expense* to or to the order in writing of [

8. All words and expressions used in this Exchanga Order bear the same meaning herein as in the IDRs.
Yours faithfully, [see Note (i)]

Please delete or complete as appropriate in accordance with the Notes for Guidance set out below. IMPORTANT: Except as mentioned in the Notes for Guidance set out below, the Compulsory Exchange Order will be ineffective unless it is duly completed in every respect and returned together with the documents mentioned in the Order and, if appropriate, Note (i).

NOTES FOR GUIDANCE
unt such as e
other than a
s order with
the transfer of the Shares, by that nominee corporation.
If the Power of Attorney is not duly completed and returned then, unless its completion or the execution of the documents required in connection with the transfer of the Shares, by that nominee corporation.
If the Power of Attorney is not duly completed and returned then, unless its completion or the execution of the documents required in connection with transfer of the Shares is arranged by Central Registration Hong Kong Limited, the Shares will be registered in the name of the Depositary and the relevant shere certificates together with instruments of transfer in blank will be delivered in accordance with the Deposit Agreement. (a) Payment may be made by banker's order or similar instrument such as a cashier chaque (but not a personal chequal. If an instrument other than a banker's order is enclosed, please replace the words "banker's order" with a description of the relevant instrument.

(b) If no such taxes or duties as are mentioned in paragraph 1(ii) are payable then that paragraph should be deleted and paragraph 2 retained. If, on the other hand, such taxes are payable then paragraph 2 should be deleted and paragraph 1(iii) retained.

If no such fees and other disbursements as are mentioned in paragraph 1(iii) are payable then that paragraph should be deleted.

It is not anticipated that anything will be payable but it is in your interest to check the position with the Depositary (Telephone: Luxembourg 47671) before delivering this Compulsory Exchange Order.

(c) If, in accordance with Note (b), paragraph 1(ii) is deleted then no benier's order payable to Jardine Mattreson Holdings Limited need be enclosed. If in accordance with that note paragraph 1(iii) is deleted then no banker's order payabla to the Depositary need be enclosed.

(d) The Schedule of Terms setting out the terms on which the Preference Sheres are issued defines "United States" and "US person" as follows:— "United States means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.
US person means a citizen or resident of the United States and eny corporation, partnership or other entity created or conseignd in grander the leave.

ation, partnership or other entity created or organised in or under the laws of the United States and any estate or trust which is subject to United States federal income toosition regardless of the source of its income."

(e) Insert the name and address of the person in whose name the shares are to be registered. If paragraph 4 is not duly completed then, subject to a duly executed Power of Attorney being received (see below), the shares will be received in your name. will be registered in your name. The person or entity in whose na will be registered in your name.
The person or entity in whose name the sheres are to be registered should complete the Power of Attorney set out below. If the entity named is a major Hong Kong based nominee corporation and this Computarry Exchange Order is duly completed and returned without the Power of Attorney.

(h) Delete two of paragraphs (i), (ii) and (iii). If paragraphs (ii) and (iii) are deleted, paragraph (ii) must be completed by inserting an address in Hong Kong to which delivery should be made, if no deletion is made, or if paragraph 7 is not duly completed, the relevent property and documents will be delivered at the Specified Office of the Depositary. (i) If the Compulsory Exchange Order is given by a corporation it must be signed on its behalf by a duly authorised officer.

POWER OF ATTORNEY

THIS POWER OF ATTORNEY is made the [

The Principel hereby appoints Jardine Matheson Holdings Limited (the "Company"), and every person who may be duly authorised by the Company to execute the documents mentioned below, severally (the "Attorney") to be the attorney of the Principal to execute such contract notes and instruments of transfer as the Attorney may consider necessary in connection with the transfer to the Principal of all sheres of HKS2.50 each in The Hongkong Land Company, Limited which may be required to be transferred to the Principal (the "Shares") in accordance with the Instructions set out in the Compulsory Exchange Order (the "Exchange Order"). All expenses incurred by the Attorney in the exercise of the authority hereby conferned shall be borne by the Company.

The Principal hereby directs that all relevant certificates and other documents of title in respect of the Shares be dealt with as directed in the Exchange Order.

Exchange Order. IN WITNESS whereof this Power of Attorney, which shall be governed by and construed in accordance with Hong Kong law, has been executed as a

Exchange Order.

3. An individual must state his or her occupation in the space provided.

A corporation should insert "corporation" in that space.

4. An individual shust execute the Power of Attorney by signing beside the breakets and a witness must sign in the space provided.

A corporation insert execute the Power of Attorney either under its

Common Seal (if anyl or by attorney or (if it has no seel) in such other way as may be permitted by applicable law. Except in the case of major Hong Kong based nominee corporations, evidence satisfactory to the Directors of Jardine Matheson Holdings Limited of the validity of the execution of the Power of Attorney must be enclosed. If it is executed under the Common Seel of the corporation, the Directors will not normally require more than a copy of the Mamorandum and Articles of Association or other constituent documents of the corporation.

(f) Complete as appropriate and delete either paragraph (i) or (ii). You may, if you wish, require a different method of payment in respect of the dividend psyable on 29th December, 1996 from that required in respect of other payments (if any). In such case paragraph 5 may be amended as appropriate, if peragraph 5 is not duly completed then:—

(ii) the dividend will not be paid until a notice specifying either a bank account or an address for purposes of payment has been given to the Depository at one of the addresses set out above; and (ii) any other payments will be made by a U.S. dollar chaque payable to you and delivered in accordance with paragraph 7.

(g) Delete as appropriate. If no deletion is made, or if you indicate that cartificates be issued in the denominations requested by the person named in paragraph 4 but no written request is received before the time when the Shares are transferred, one certificate will be issued. If appropriate, written requests should be sent by the person named in paragraph 4 to Central Registration Hong Kong Limited. 17th Floor. Hopewell Centre, 183 Queen's Road East, Hong Kong (Relex: 60327 CRLHK).

TECHNOLOGY: Computing

IBM at a software crossroads

ing eagerly to see what direction IBM will take with its next personel computer (PC). An announcement is expected early

announcement is expected early in 1987 and rumours are already rife in the industry, reports Phil Manchester.

Speculation about future computers usually concerns the chip to be used fer the processing "engine," what size tha disk drives will be and the capacity of its memory.

of its memory.

This time, bowever, the soft-ware centent of IBM's future personal computer is at the core
of the speculation. And tha
area of software which most
cencerns the industry and computer users alike is the operat-

A computar system is like an the surface. Tha operating system is one of the components out of view.

ponents out of view.

Most computer users are only interested in the "tip" of their systems, tha so-called applications software, such as US products like Lotus 1-2-3, Ashton-Tate'a dBase and Micropropo's Wordstar. But applications software depends on operating systems software to perform many tasks. Operating systems dictate the form of the application software and the bardware festures thet it can use. If Lotus 1-2-3 is required to store a spreadsheet on a disk, it must go through tha operating system. If Wordstar is asked to prixt out a letter, it too must go through the operating through the operating

The current speculation over the future of IBM PC software the ribine of IRM PC software centres on advances in computer hardware and matching demands from users' applications. IRM'e new PC acems certain to be based on the latest in a long line of processor chips from the chip-builder Intel. Called the 80386, this chip offers features that promise faster processing speeds software which can fully exploit and greater memory sizes. It tha 80386.

Ona reason for the delayed advanced personal computers appearance of this software is computer industry's standard software which and produced will do the job properly. This has raised a question mark over the future of MS/DOS as the sulting editor of the FinTech computer.



The problem is that the 80386 is far in advance of current softwara technology. When Compaq launched its 80386 PC it wheeled ont representatives from leading software companies like Lotus and Ashton-Tate who all said they would "anpport" tha new chip. But so far they have not produced software which can fully exploit the 80386.

One reason for the delayed

Although an interim version which will offer some new features could be ready early in 1987, Microsoft admits that it will be a year or two before It can release software which

operating system.
MS/DOS, IBM's version of
which is called PC/DOS, new which is called PC/DUS, new faces several competitors in the operating system market. The leading rival is Digital Research, which will be releasing a new version of its Concurrent Dos operating system in the new year. Called Concurrent Dos XM, this offers some of the features that can concurrent Dos Am, this there some of the features that can be supported en the 80386 chip. XM can, for example, ellow two er more programs to work et the same time. It can also make use of much greatar msmory

Microsoft also feces competi-Microsoft also feces compettien from IBM itself. IBM would like to control its own eperating system standard. Not only would this boost IBM's softwara revenues, it would also belp it in its battle against the so-called PC clene-builders. The most likely candidate from IBM would be a version of the AIX operating system, released with its RT/PC reduced instruction set (risc) workstation last January.

January.

AIX is a modern piece of software built from scratch by IBM. It can offer many features needed fer edvanced processor chips like the 80386. It can chips like the 80386. It can bandle large memory sizes and it can run software bnilt for other operating systems like MS/DOS and Unix. AIX has been welcomed by many software developers. They have quickly moved their products for tha RT/PC to work under AIX.

released by manufacturers such that the MS/DOS operating as Compaq of the US and Rair system, used on most PCs (IBM of the UK.

The problem is first the 80386 is far in advance of current softwara technology. When Compaq launched its 80386 PC to exploit the new hardware.

Little MS/DOS operating and the new IBM PC will almost certainly be launched with a version of MS/DOS, IBM might hedge its bets its product allow applications its product allow applications and offer something like AIX too. With AIX, IBM has managed to build a piece of softlaunched warn a version of MS/
DOS, IBM might hedge its bets and offer something like AIX too. With AIX, IBM has managed to build a piece of softwara which can easily be adjusted to accommodate existing and future applications. ing and future applications.
This makes it an ideal environment for future IBM personal

New chip's speed shows in graphic detail

SEMICONDUCTOR manufacturers and software companies are collaborating to ensure that high - speed, high - quality graphics will be available on conventional personal com-puters early next year.

land sent

will produce graphics processing speeds up to 20 times faster
than Digital's software can
achieve with existing processing
binary digit (bit) or group of
binary digit in the computer's
achieve with existing processing
binary digits in the computer's
advanced laser printers."

In other words, the screen
image will correspond exactly
to what is printed out. By that

What Digital has done is to blt microprocessor which is exmodify its Gem software to expected to be the basis of IBM's

The New Gem software, GEM-786, is the key to unleashing the full power of the chip. According to Digital Research. initially the technology will be implemented by upgrading personal computers with higher

In one of the more exciting developments, Digital Research, the innovative US software bouse which developed the world's first widely used 8-bit microcomputer operating system, is collaborating with Intel, the semiconductor manufacturer which provides chips for IBM personal computers and their clones.

The result is the promise of hardware and Software which will produce graphics process-from the result is the promise of hardware and Software which will produce graphics processing speeds up to 20 times faster states of the full potential of a new microcomputer of microcomputers and incorprocessor chip from Intel, the semiconductor manufacturer which provides chips for IBM personal computers and low a graphics corpocessor. It computers with the central processing chip to provide powerful graphics facilities chiefly by images.

Computers designed of high-manufacturer which produce graphics processing.

Computers designed of high-manufacturer which produce graphics processing the processing that each definable point on the screen is controlled by a single incorprocessor. It computers and low a graphics co-processor. It computers and low a graphics co-processor. It computers and low that they computers and low that they provide to long to create and display images.

This problem is being computers with most that they take too long to create and display images.

This problem is being computers with the new chip.

This problem is being computers and low take too long to create and display images.

This problem is being computers that they take too long to create and display images.

This problem is being computers that they take too long to create and display images.

This problem is being computers with the new chip.

This problem is being computers and low take too long to create and display images.

The tesult is the promise of hardware and software to run up to cost workstations is that they take too long to create and display images.

The problem with most to computers and low take too long to create and display

circultry.

Digital's software is called Gem — Graphics Environment Manager. It offers a variety of features for the graphics user — Gem/Desktop, for example, makes any popular business — To work at 300 points an microcomputer look like an inch, according to Mr Paul in the computer's a ragi graphics processor that memory.

Extremely high resolution—

Graphics processor finat can perform an extensive set of drawing operations, and a disturbly of drawing operations, and a disturbly of drawing operations, and a disturbly of drawing operations and window-look like an inch, according to Mr Paul in the computer's a ragi graphics processor that memory.

Extremely high resolution—

Graphics processor finat memory.

Can perform an extensive set of drawing operations, and a disturbly of drawing operations, and a disturbly of drawing operations and window-look like an inch, according to the inch—

In ther works, the screen can perform an extensive set of drawing operations, and a disturbly operations, and a disturbly operations, and a disturbly operation of drawing

Parallel route to absolute performance

verge of a technological revo-lution which will bring There will be, it says, at least lncreases in performance and one billion-dollar parallel pro-decreases in cost more cessing company in tha 1990s. dramatic than any seen Where are today's major manu-

It examines the development computer performance but also promise to overturn the price structure of the high performance computer market performance computer market delivery dates en its new Cray 3 The authors. Tim Johnson and Tony Durham warn that the move to parallel processing does not represent simply anether technological innevation: "It will force the user to make a choice. Transferring to parallel machines will almost invariably require changes and decisiens.

delivery dates en its new Cray 3 supercomputer, based on chips mada of gallium arsenide, which enable superfast process. The machine will connect 16 separate processors together to give a computer capable of parallel machines will almost operating at perhaps 10,000m decisiens.

decisions.
"At the minimum there will

"At the minimum there will be changes in software and operating methods. At the ether end of the scale, the opportunities offered by parallel processing are so great that some users will want to change their working methods at a fundamental level."

These are not revolutionary ideas. Most data processing specialists accept that parallel processing, where a number of

separate computer operations ere processed simultaneously rather than one at a time, as is the case with most commercial Technomechines today, is the way of genre.

cogently and persuasively. On investment, for example, it says: "Parallel processing seems likely to present one of the widest and most attractiva ranges of investment opportuni-

and the contract which he had a contract to the property of the first to the first to the first of the first

COMPUTING is today on the ties of any new technology now

facturers in all of this? hitherto.

Within a few years, engineers and other nsers of substantial computer power could have workstations nn their deaks costing only £20,000 but with the power of today's £6m supercomputers.

This is tha chief conclusion of a new report from the London-based computing consultancy Ovum*

The deviation of this?

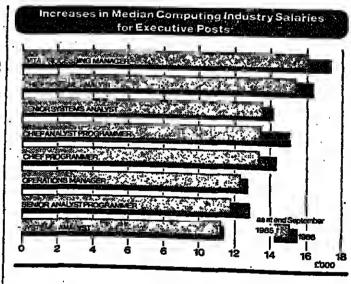
IBM, it says, is taking the new design concepts very seriously, expanding outwards from its existing large machine philosophy of coupling together conventional processors to a range of innovative projects, some of them involving the Immostrated to be especially well suited to parallel processing.

Cray Research, maker nf the of parallel processing design world's fastest existing super-concepts and concludes that computers, will face increasthey not only offer the only ingly serious challenges as its route to maximum absolute competitors develop parallel computer performance but architectures, the report argues. It points out that the company is having trouble with delivery dates en its new Cray

Ovum argues that the new computers can be divided inte two product categories, "ferms" and "cubes." Farms typically "farm out" processing tasks to e smell number of powerful processors—the Cray machines are of this Cubes on the ether hand use

hundreds er thousands of standard microprocessors connected together in networks. The "bypercube" design, developed et the Califernia Institute of Technelegy, is typical of this Cubes effer the cheapest and

The Ovum study, however, most cost-effective processers presents the detailed arguments evaluable. Ovum says, but their users have to develop entirely and nersuasively. On



Biggest salary increases go to development staff

MEDIAN salaries in the deta processing industry have risen by 4.5 per cent ever the past 12 months according to the latest edition ef the Computer Users Year Book.*

Its survey says that development staff achieved median increases close to 6 per cent while operations staff lagged behind with increases in median salary of only about 2.5 per cent across all job categories.

The compilers of the year Book warn that too much should not be read into any particular figure, given that the sample from which the numbers are ebtained varies from year te year, but they say there is a clear trend towards paying higher increases to development staff.

"This is not surprising" they say "given the more rapid growth in the requirement for development staff than for personnel te perform than for personnel te perform eperations functions." Fer every installation increasing merations staff in the past year, they say, two mereased development-staff.

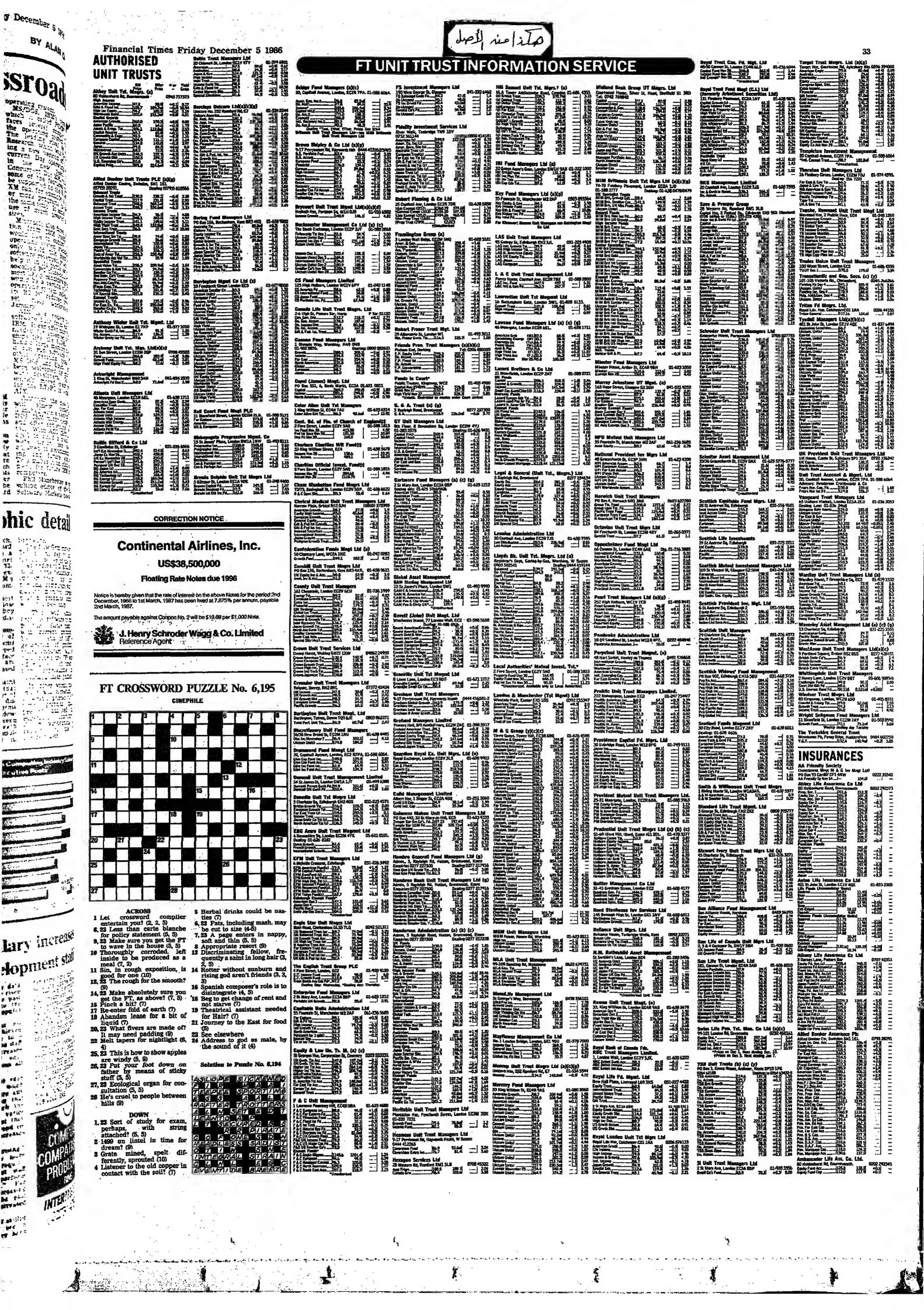
Despite the fact that skilled data processing staff are in short supply, and have been for some time, the Year Book says the figurea show the industry is not getting preferential treatment: "A year ago the average increases being paid to development staff were around 7.2 per cent. Staff in the private sector did 1.75 per cent better than those in the public sector."

The 817 instalations which respended to being asked to ferecast salary increases over the next 12 months produced an everage increase figure of 834 per sent. an everage increase figure ef 6.34 per cent:

* Computer Users Year Book, VNU Publications, 01-439 4242, £85.



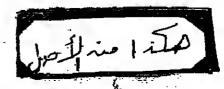
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Tapioca

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Danes

import plan

By Hillary Barnes in Copenhagen

DANISH GRAIN producers are

of them used as maize substi-tutes in pig production.

"He is not up to his joh and should resign," said the angry

The Danish farmers argue that the EEC ought not to be in-creasing its imports of maize

substitutes whan there is a European corn surplus.

The Danish pig producers traditionally grow their own maize for feeding to their pigs, while the Dutch, their chief European rivals in the pigmeat growth business have a likely to the pigmeat growth business have been pigmeat growth business and the pigmeat growth business have been pigmeat growth business and the pigmeat growth business and the

export business, have relied in-

creasingly on cheap maize sub-stitutes from the Far East. The

Danes say this gives the Dutch an unfair edvantage.

Moscow denies

had not bought any American grain recently he said: "It is necessary that they have world market prices and that grain prices should be competitive."

Mr Aristov made his remarks

ment with the US, the Soviet Minister claimed. He said it

had bought 41m tonnes of grain in the last three years although

it was only committed to buy 27m tonnes. US grain industry analysts

offered a different interpreta-

Mr Sherman Levin, a consultan

mitments to purchase wheat

CHINA IS becoming increas

ingly important in the Molve

metalls conference in Nice yes-terday, Reports Reuter.

the past two years.

Molybdenum

grain pact

default

programme aimed at improving and sdapting EEC fishing fleets over the next five years was agreed in Brussels yesterday, ter 6 marathon 22-hour nego-The peckage - designed to

set out the priorities for Com-munity fisheries support over the next 10 years — was the subject of lengthy arguments over the last couple of days on a myriad of issues from fleet renewal and fish farming to early retirement and the search

for new markets.

Mr Michael Jopling, British president of the EEC fish counil, hailed the agreement yesterdey 98 a "triumph for good sense and determination." Observers in Brussels were pointing out last night that he may need the same degree of perseverence later this month, when EEC Fisheries Ministers meet again to thrash out the sensitive question of annual The significance of yester-day's development is not so much the size of the new " pot"

higgest chunk of the spending points in negotiations was a (Ecu 295m) will go to the renewal" of fishing boats of more than 33 metres — a policy intended to channel resources into improving the capability of bigger trawlers and encouraging Community fleets to look beyond EEC waters. Other allocations include Ecu 80m for fiset medernisa-tion, Ecu 125m for "squacul-ture" (fish farming), Ecu 55m for exploratory fishing and Ecu 100m for "permanent cessation." There is also new

money for port development and freezing facilities.

The programme, which will run from 1987 to 1991, comes at a time when the EEC fishing fleet is suffering from excess capacity on the ane band, and diminishing stocks of fish on the other. The entry of fish on the other. The entry of fish on the other. The of Spain and Portugal into the Community at the beginning of this year, moreover, has increased the size of the EEC fleet hy about 70 per cent, placed new demands on the common fisheries policy, and raised new tensions with third

quarrel between Mediterranean countries (notahiy, Italy, which alone voted against the park-age) and "northern" member states over the size of vessels states over the size of vessels which should qualify for sup-port Argument also centred on special aid to regions, with sreas of France and the Canary Islands (for certain types of expenditure) among those added to the European Commis-sion's original plans. Parts of Scotland and Ireland

The Commission's emphasis on exploratory fishing in third country waters was to some extent diluted by the insistence of some member states that Community waters should also

Plans to provide Ecu 50m for "social measures" — the laying eff of boats and early retirement for fisherman were dropped from earlier

proposals.

The package cannot be finally adopted until the European Parliament has given its opinion" next week.

US boosts cotton trade share

THE US share of world cotton August 1. Mr Carl Anders, an USSR, and 3 per cent in China trade is forecast to jump to 30 economist with Texas A&M and Pakistan. Censumption is from 9.6 per cent in the previous duced a surge in export sales, year, according to statistics largely to US fereign customers annual outlook conference.

Cotton's success is of particular interest this year, because producers, along with rice growers, have been given special subsidies under a "marketing loan" programme. The scheme has depressed world prices, but US growers have been repaid for the difference.

University, says it has pro-duced a surge in export sales, bales, up 2.4 per cent from last presented this week at the of long standing. Japan has US Agriculture Department's already purchased more than annual outlook conference, twice the amount of US cotton than in 1985, and sales to Taiwan have been at their highest levels for years.

ingnest levels for years.

"The high level of sarly US exports indicates many ef the key input markets will turn to tha US to huy cotton under competitive conditions," he said, Mr Russell Barlows, a Usds

Increased use is expected to bring world cotton stocks down at the end of this season by a bales, to slightly more than 42m hales, with the US getting about two-thirds of the reductotal about 23m bales, up 2.5m from last year and the largest 1979-80.

Wr Russell Barlows, a Usde analyst, said the low prices are reducing world production to about 72.1m bales for 1988-87— 7m less than the previous year, output is projected down 7 per then the marketing loan scheme prices by 40 cents per pound on

Increasing citrus surplus forecast

BY ANDREW GOWERS

ilkely te come under increasing pressure for the rest of the already high level recorded this decade as productien races in 1985-86, following a refurther and further ahead of covery in the all-important annual rate of 7 per cent in the consumption, according to an Brazilian crop from the term 1960s and 3.3 per cent in the authoritative new ferecast.

the way that massive new planting of citrus trees has tions caused by the high prices continued long after the boom in demand experienced during the 1960s and 1970s has waned concentrated orange juice—the main processed citrus pro-It suggests that the resulting the main processed citrus pro-headaches will continue to duct, accuming for about 40 afflict citrus producing coun- per cent of world citrus protries for many years to come, from the price trough recorded earlier this year may
net continue for long.

In the current season, the
report says, both production

well over \$1bm a year in ex.
port earnings—continues to be
dogged by large carryover
stocks, which caused prices to
plunge in the first half of this
report says, both production

well over \$1bm a year in ex.
1980, compared with just over
55m in the most recent season.
However, glebal demand was
projected to reach only 60m
tonnes. and that the recent recovery

WORLD CITRUS prices are and availability of citrus fruit

ductien, and worth a total ef well over \$1bn a year in ex-

More disturbing are the this decade as production races in 1985-86, following a refurther and further ahead of covery in the all-important consumption, according to an authoritative new ferecast.

The gloomy projection, program of the first first from the first first from exporting and importing countries at the UN freed and Agriculture Organisation in Rome, underlines the way that massive new planting of citrus trees has continued long after the boom in caused by the high prices consumption grew at an annual rate of 7 per cent in the all-important consumption grew at an annual rate of 7 per cent in the annual rate of 7 per cent in the 1960s and 3.3 per cent in the prices of population at the beginning of population at the beginning of population at the beginning in this decade. However, between new and 1990, the officials agreed, per capita tetal citrus consumption was expected to increase "only margrant."

If the US interpretation of the pact is accepted, USDA in the developed countries. Even demand for processed that consumption grew at an annual rate of 7 per cent in the annual rate of 7 per cent in the annual rate of 7 per cent in the 1960s and 3.3 per cent in the 1970s, reaching 11.5 kg per head of population at the beginning in this decade. However, between new and 1990, the officials agreed, per capita tetal citrus consumption was expected to increase "only marginally "by 1 per cent in the 1970s, reaching 11.5 kg per head of population at the beginning in the all-important annual rate of 7 per cent in the 1970s, reaching 11.5 kg per head of population at the beginning in the all-important annual rate of 7 per cent in the 1970s, reaching 11.5 kg per head of population at the beginning in the all-important in the 1970s, reaching 11.5 kg per head of population at the beginning in the all-important in the 1970s, reaching 11.5 kg per head of population at the beginning in the all-important in the 1970s, reaching 11.5 kg per head of population at the beginning in the all-important in the 1970s, reaching 11.5 kg per head of pop

Even demand for processed citrus products was becoming saturated in some key consuming countries. Assuming stable real prices and average weather conditions, the group projected world citrus production of 65m tonnes in

LONDON MARKETS

COPPER PRICES rose sharply on the London Metal Exchange yesterday amid persistent cash buying and improving market sentiment. impreving market sentiment. The cash price of grade A metal closed at 2839.75 per tonne, up £16.50 on the day, and the three-months price also rose by a slightly lesser amount. Traders could not pinpoint any single reason for the movement but some upset about an EEC offer to import from China 600,000 tonnes of sweet potatoes and 350,000 tonnes of tapioca, both for the movement, but some cited the continuing strike action at Noranda's Horne smelter in Quebec, which has caused a sharp reduction in stocks held by producers in North America. There are also suggestions of rising industrial demand as consumers and that they compare the consumers and that they compare the control of the contr The chairman of the Danish The chairman of the Danish Corn Producers Association, Mr Erling Evendsen, has accused the EEC's Commissioner for Agriculture, Mr Frans Andriesen, of favouring farmers in his own country, the Netherlands, by encouraging imports of maize substitutes. sumers find that they cannot sumers find that they cannot obtain supplies on a hand-to-mouth basis as readily as before, and rumours of attempts by producers to boost prices. Elsewhere on the LME, lead prices rose further amid a tightening squeeze on nearby supplies, with cash up by 58.75 to £364 a toune and displaying a widening premium over

a widening premium over three-months; while zine con-tinued its technical raily, rising £12 to £546.25.

LME prices supplied by Amalgamated Metal Trading. ALUMINIUM

Official closing (am): Ceah 779-80 (776.5-7), three months 783.5-4 (791.5-2), sertisment 780 (777). Finsi Karb class: 795-6. Turnovan 19,380 tennes. Unofficial + er close (p.m.) -g per tonne 780)779 795/791 1+3.9

COPPER

| diose | + Gr | High/Law MR BORIS ARISTOV, the 959,5-40 + 18,5 940/923 961-1.5 + 19 961,9/953 Soviet Minister of Foreign Trade, said in Washington this Official closing (em): Cesh 533-4 (234.5-5), three months 957-7.5 (349-95, sattlement 334 (225). Final Kerb close: 958-9. week that his country has not been buying US grain because its prices are too high, reports Standard Renter.
Asked why the Soviet Union

Official closing (sm): Cash 906-7 (887-8), three months 936-7 (927-8), sattlement 907 (936), US Producer prices 63-86.00 canta per ib. Total tumover; 42,700 toness.

Mr Aristov made his remarks following a meeting with Mr Richard Lyng, the US Agriculture Secretary, and other senior officials of the US Department of Agriculture (USDA).

Moscow had "overfulfilled" its long term grain trade agreeinefficial + or fices (p.m.) — E per tonne Cash 363-6 +8.75 362/368 8 months 327,5-8 +1,25 328/327 Official closing (am); Cash 382-2.5 (348,5-50), three months 325,5-7 (325-5.5), sertlement 382.5 (350), Final Kerb close; 327,5-8. Tumover 15,675 tonnes. US Spot 24-29 cents per lb. NICKEL

Unofficial 4 or siese (p.m.) - High/Low Cash 9595-30 -1.5 3 months 2575-80 +8.5 Official closing (em): Cash 2,515-20 (2,525-30), three meetis 2,525-30 (2,535-70), settlement 2,570 (2,537). Final Kerb closs: 2,570-5. Temover: 1,280 ponnes.

Kuele Lumpur Tin Market: Close 17.03 (17.00) ringgit per kg. Up 0.03

ZINC

bdenum market and could produce between 20m and 25m lbs next year, Mr Anthony Wright, Official closing (am): Cash 543.5-4 (534-4.6), three months 541.5-2 (533.5-4), sextlement 544 (534.5). Final Kerb close: 544-5. Turnover: 15.300 tonnes. US Primo Western: 44-47.50 cents senier vice-president ef Metal-metals conference in Nice yes-

Gold fell \$5 an ounce from Wednesday's close in the Landon buillon merket yesterday to finish at \$387-8-387-1. The metri opened at \$382-382-1 and briefly touched a high of \$382-1 and briefly touched at the close. Light profit taking developed daring the attempon in quiet itading. The deliare fittuer trand size ancounged figuidation attact and the same gamently confident that another assault on the \$400 level would soon be mounted. GOLD SULLION (Tine gunce) Dec. 4

GOLD AND PLATINUM COINS Am Engle... \$401-405 Mapleleaf \$4083, 407 Krg/rnd... \$567-592 krg.md. \$58-597 k Krug.... 5196-197 k Krug.... 5100-191 Angel..... 5998-399 1/19 Angel #40-45 Hew Sov... 591-94 Old Sov... 1991-94 £ 20 Engle 460-500 Noble Plat 3490-500 (£1971-1971₄) (£1971-1971₄) (£277-2791₄) (£28-511₄) (£38-1-651₄) (£381 1₄-5491₄) (£381 1₄-5491₄) (£381 1₄-5481₄)

SILVER

Silver was fixed 5p an ounce higher for spot delivery in the London buildon market yesterday at 378,35p. US cent equivalents of the fixing levels warm spot 538c, ap 6.75c; three-month 565.4c, up 7.1c; six-month 553.3c, up 6.5c; and 12-month 568.9c, up 4.85c. The matel opened at 376-377-ap (539-541c) and closed at 372-374p (534-536c). SILVER Builton + or L.M.E. + or per Poding Price Unofficial

UME—Turnover: 76 (27) lots of 10,000 oz. Cash high/low 375p: three months high/low 384.5p, 9ne1 kerb 380-2p. SOYABEAN MEAL

2 per tonne 187.0-180.8 -3.40 187.0-180.8 -3.40 180.7 180.9-180.5 -1.90 -125.8 -127.7 -1.65 -2 127.8 -128.8 -128.5 -128.5 -1.25 -2 128.5 -128.5 -1.25 -2 128.5 -128.5 -1.25 -2 128.5 -128.5 -1.25 -2 128.5 -128.5 -1.25 -2 128.5 -128.5 -1.25 -2 128.5 -128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -1.25 -2 128.5 -2 128.5 -1.25 -2 128.5 -

US MARKETS INDICES GOLD FUTURES weakened

NEW YORK

COCOA 10 tonnes, \$/to

Dec 148.38 149.20 149.76 149.76 149.78 149.76 149.76 149.76 149.90 148.75 149.76 149.76 149.76 151.80 151.8

61.50 62.00 62.25 82.50 62.90

66.20 66.36 55.70 68.10 50.66 66.50

35.20 -- 15.20 -- 15.06 . 15.16 19.16 15.12

GOLD 100 troy oz, \$/troy oz

Premium gasoline... Gas Oll. Heavy fuel oil

GAS OIL FUTURES

U9 5

Turnever: 3,051 (2,767) lots of 100

Turnover: 75 (15) lote of 100 tonnes.

Sales: 2.343 (2,419) lots of 50 tonnee. tonnes.
. LOMDON DAILY PRICE—Raw suger \$160.50 (£112.00), unchanged (an-changed) a tonna for Dacamber-

SUGAR

HEAVY FUEL OIL

REUTERS Dec. & Dec. SM'th ago Year ago 1589,6 1688,3 1601,1 | 1705,1 DOW JONES

Dow Dec. Dec. M'th Year Jones 5 2 ago ago Spot 180,00129.08 - 121,58 Fut .119,04113.22 - 129,54 (Base: Becember 31 1931-100)

MAIN PRICE CHANGES

in tonnes enless otherwise stated. Dec. 4 + or Month METALS +17,3 8365

opra (Phil) | \$979 | +26 | \$970 | 5159

Cooca Pt. Mar. #1440.6 - 8 #1850.0 Coffee Ft. Mar. #1619 +98.6#2287.9 Cotton A Ind. #21619 +98.6#2287.9 Gas Oil Jan. #125.5 -2.5 5129 Rubber (idio) #125.5 -2.5 5129 Rubber (idio) #150.5 85.799 Wooltope 64e #150.6#2 #150.6#2

COFFEE

Seles: 6.345 (3,288) lots of 5 tonnes. ICO indicates prices (US cents per pound) for Dacember 3: Comp. daily 1979 138.23 (137.08); 15-dey average 142.58 (144.03).

COCOA

Spening at the highs, futures met light trade selling and levels seed therefor to a close near the lowe of the day, reports Gill and Suffus.

Johnson 1440 (2,914) fors of 10 fCCO indicator prions. 9ally prios fCCO indicator prions. 9ally prios for Oscember 4: 89.16 (90,07): 5ve-day average for Oscember 5: 86.49 (89.88) US cants per pound. Dally price 1.626.49 (1,643.6): 10-day average 1.643.37 (1,648.77) 5DRs per tonne.

POTATOES The market continued to drift cently down in thin volume to finish co e week note close to the day's lows, reports Coley, and Harper.

Per tonne

Pe

Sales: 416 (378) lots of 40 tonnes. GRAINS

Jan ... 119.50 -9.60 111.79 -0.75
Mar ... 115.50 -0.84 114.00 -0.85
May ... 119.96 -0.52 119.10 -0.75
July ... 117.35 -0.86
Sep ... 101.40 -... 100.79 -0.85
Nev ... 103.65 -... 103.20 -0.86
Jan ... 106.50 -... 106.99

Business done—Wheat: Jen 119.75-16.50, Merch 113.75-3.50, May untraded, Jaly 117.45, Sept 101.40, Nov and Jan untraded, Sales; 178 loss of 100 tonnes. Barley: Jan 112.15-1.75, March 114.30, May antraded, Sapt 100.70, Nov 108.35-3.25, Jan 108.25, Seles; 35 lots of 100 tonnes. Selec: 35 lote of 100 tonnes.

LUMDON IRRAINS—Wheat; US derk northern spring no. 1 15 per cent Jan 107.25, Feb 105.25, Merch 109.00. US no. 2 soft red winter Dec 110.00. Jan 112.00, Feb 114.00 sellers. Finnch 113-12 per cent Dec 140.50. English feed fob Dec 112.50/118.00, Jan 115/119.75, Jan/March 119.25/118.75 buyers/esilers. April/June 115.75 sellers. Meze; U3 no. 3 yellow/French tracehipment sest coest Dec 145.00. Barley: English feed fob Dec 114.00 seller Scottish. Dec 115.50 seller Kinge Lynn, Jan 115.50 seller English/Scottish, Jan/March 117.50 seller Scottish.

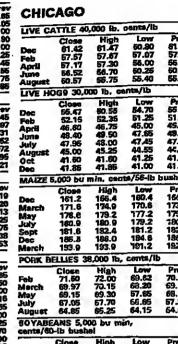
HGCA--Locational ex-farm spot prices (including co-responsibility levy of £3.373 a tonne). Feed berley: S West 109.30, W Mids 110.00, N West 109.50. The UK monestry coefficient for the week beginning Monday December 8 is aspected to change to 1.277.

RUBBER

PHYSICALS — The London market opened easier, attracted noutine businesse throughout the day end closed quies, reports Lewis and Pest. Closica prices (buyers): Spot 63.00p (83.60p); Len 51.00p (81.50p); Feb 81.20p (91.75p). The Kusis Lumpur fob prices (Malaysian cents a kilo); RSS No 1 218 (218) and 9MR 191.6 (193).
FUTURES—Index 644, Jan 650-600, Jan-March 655-655, April-Jane 665-675, July-Sept 571-880. Sales; Nil.

by \$4.10 per ounce in the February position, as a burst of dollar strength — in spite of depressed factory orders figures — again dampened enthusiasm, reports Heinold. However, the closing price ingures — again dampened enthusiasm, reports Heinold. However, the closing price marked a good rally after valoes had threatened to slump after hitting stops below the important \$390 level. On the coffee market speculation on whether ICO members would be able to impose binding quotas at next week's projected meeting managed to fuel further modest short-covering and new longs in what essentially remained a quiet market, with leading March delivery values climbing almost 2 cents on the day to close just beneath important resistance ORANDE JUICE 15,000 lbs. cents/lb High 125.00 126.19 126.00 125.50 125.85 126.20 Close High 476.9 475.5 476.2 483.9 481.8 485.8 485.6 489.9 493.6 491.9 Jen 478.2 483.9 472.0 4 April 481.8 485.8 476.0 4 Juty 486.6 489.9 481.0 4 Jen 483.6 491.9 490.1 4 91.VER 5.000 tray oz. cents/tray oz. beneath important resistance levels at 150 per pound. Some traders, however, expected traders, however, expected that a further test of this level could yield some light urofit-taking. Cocoa futures lost much of the ground gained so far this week, with March prices pressured at key levels around \$1900 per 570.5 565.9 579.9 577.E SUGAR WORLD "11 112,000 lbs. cents/lb 7.28

CHICAGO



Close High 497.2 501.9 500.9 504.4 504.6 508.4 607.0 608.9 506.4 508.4 499.9 502.6 507.4 506.6

SOYABEANS OIL 60,000 lb, conta/lb Prev 392.2 394.2 396.8 398.1 402.3 402.3 Dec 405.8 Jan 408.8 Jan 412.3 WHE 419.0 Centre 423.5 408.6 Dec WHEAT 6,000 bu min, cents/60-lb bushel

SPOT PRICES—Chicago loose lard 13.50 (sems) cants per poand, Handy and Harman silver bellion 533.9 (539.0) cents per troy cenco. January dalivery. White suger \$184.00,

Jansery delivery. White suger \$100.00, down 50c.
Tete 2 Lyls delivery price for granslated basis suger was £216.00 (same) a tonna for saport.
International Sugar Agreement—(US cants per pound fob and stowed Caribbeen ports.) Prices for Secamber 3: Oaily price 6.30 (6.11); 15-day average 5.90 (5.88). CRUDE OIL-FOS (\$ per barrel)-Dec. FREIGHT FUTURES

The market westened on lower physicals with good two-way treding, reports Clarkace Wolff. | Cicee | High/Low | Prev. Dry Cargo Jan. 668/669 April 890/893 July 991/809 Oot. 700/708 Jan. 769 July 650 Oot. 788 BFI. 718

Tumover: 140 (192). Close | High/Low| Prev. Temover: e (0).

African coffee producers seek to curb price fall

AFRICAN coffee producers have agreed to a co-ordinated sales policy to try to balt a sharp fall in world prices.

The African and Malagasy Coffee Organisation after a three-day ministerial meeting said tha Robusta prices drop was unjustified. The market was characterised by "fundamentally hullish elements."

The nine-member group The nine-member group would co-ordinate their marketing policies in order to check this unjustified fall in coffaa

Coffee prices soared earlier this year after severe drought inthe world's biggest producer, Brazil, and led to suspension of an ICO quota system last Fehruary.

Since then prices have slumped and the ICO's London secretariate announced yesterday its executive board would

day its executive board would meet next week to discuss re-introducing quotas.

Glint of change in gold market land rescued JMB and eventu-

THE LONDON Geld Market has stood aloof while the twin powers of international com-petition and Government regu-latory policy have forced some of the City's oldest and grandest institutions to change. The five hullion houses, which have controlled the market

insurance market, end the London Metal Exchange among others have been pressed into modernising their rules. For a while It seemed that the bullion market could escape untouched—despite the shock of the Johnson Matthey Bankers

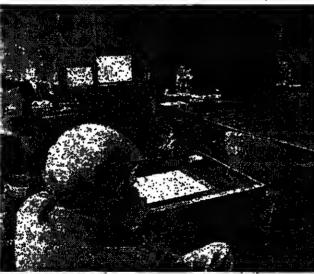
since 1919, have watched while the Stock Exchange, Lleyd's

affair. But now it looks as if the five will have to change their ways. In response to some gentle prodding from the Bank of England, other banks and financial cempanies trading gold in London could next year have a say in the running of the market.

The members—N. M. Rothschild, Mocatta and Goldsmid, Sharps, Pixley, Samuel Montagu and Mase Westpac (formerly Johnson Matthey Bankers) have yet to take any final decisions. But it seems that they intend to involve the most important of the market's 53 associates in its future management.

They will not be opening up
They will not be opening up
The histories of the five date the doors of the inner sanctum—the "fix," or twice-daily pricing meeting which is beld around a table at the offices of Rothschild's, on St Swithin's Lane. But associates, particu-larly the 10 or so banks and traders who trada gold in London outside the fix, are now likely to have a formal say in matters like market regulation, new membership, and making representations to the Bank of

England. By the standards of some other markets the moves under discussion are a small change in traditional practice. The trading



Traders fix the gold price at the London bullion market

and Goldsmid, which is older than the Bank of England. But the market's recent origins lie in the decision of the South African gold companies to sell their gold Wood Wood after the First World War.

The hullion bouses lost the bulk of this incrative bullion business to the Swiss in 1968 (though they have recovered some ground since). But at the same time they were saved hy the rapid development of round-the-clock gold trading, which spiralled when the gold realing.

tha golden circle are surprised Smith, managing director of that the five old-established Mocatta and Goldsmid, said in bullion houses have moved at an interview earlier this year Bankers at the five houses argue that their response to the changes sweeping through the City are an indication both of the change in the gold market since the 1960s—as it had been in other financial markets. This prompted foreign com-

This prompted foreign companies to come to London to trade gold. Philipp Brothers (now merged into Phibro-Salomon), led a North American contingent which now includes Morgan Guaranty, Drexel Burnham Lambert, Shearson Lehman Brothers (an American Express enbsidiary), J. Aron (owned by Goldman Sachs), and the Bank of Nova Scotia. Tha Swiss bank Credit Suisse started making markets in London some years ago and is to be followed next year by Union Bank of Switzerland.

Just as the five members of Just as the five members of the fix ware facing np to this challenge, they were hit hy tha Jehnsen Matthey Bankers crisis in late 1984. The Bank of Engine has been say that their turnsvers are at least equal to those of the five members concede that some six associates are important players in the market.

ally sold its bullion husiness to the Australian bank, Westpac Corporation. Mr Robert Guy, chairman of the London Gold Market, has said that no permanent damage was done to the market. But some traders out-side the circle of the five argue that the fact that the Bank ef England had to rescue JMB exposed the weaknesses of the market. They claim that it is showed it was undercapitalised and had too few members. Whatever the truth, the affoir

strengthened the Government's resolve to press on with reforming City regulation. Under the proposals of the Financial Ser-vices Bill, which is before Por-(silver and gold), along with the foreign exchange and money markets, are to be regulated by the Bank of England — as they are now. The bullion markets successfully fought off an attempt by the Securties and Investments Board, which will be responsible for most other merkets, to extend its authority

over silver and gold.

However, the Bank is looking for a greater degree of formal self-regulation than bas existed hefore the so-called wholesale hefore the so-called wholesale markets. It is also keen to make sure trading rules are liberal enough to allow in foreign competition.

Detailed guidelines on the regulation of wholesale markets are to be published next year by the Treasury. But in the meantime, the gold morket is souding out its members on the changes they would like to see changes they would like to see. The proposals to involve associates in decision-making are part of these discussions. They are scarcely acting too soon. A number of the market-making banks and trading com-panies say that their turnovers are at least equal to those of the five members of the fix. The

Sales: 6 (105) lots of 20 tonnes. MEAT COMMISSION—Avangs fat-stock prices at rapresentative markets, 68—Cattle 94.45p per kg iw (+0.78), 68—Sheep 206.61p per kg ast dow (+24.98), 68—Pigs 76.85p per kg iw (+0.21).

3 COOPERATE

TEY MARK

EUROPEAN OPTIONS EXCHANGE

Vol. Last

May. 07

21.50

~ -4.50

Aug. 67

FLBB.60

FI.74.30

FI.47.20 FI.208

FOREIGN EXCHANGES

Short covering boosts dollar

Manual State

A PERSONAL R.

77

- 2

AND BEADS

WHILE THE THE

or the filt special table and

FREIGHT

Africana produced to earby

82.0

* 64 *

A COLUMN TO THE PARTY OF THE PA

CHICAGO

much of the day and was content to track movements in the dollar. There were no special influences in dollar closed at DM 1.9770 from to a rether quiet trading and the pound finished at \$1.4230 from \$1.4320.

However, because of the dollar's firmer trend, sterling managed to recover against its European partners, closing at DM 2.8475 from DM

Eca Currency for 2.8275 from DM

Eca Currency for covered against the content and the 2.8250 and FFr 9.3275 from DM 9.2475. Against the yen it improved to Y232.5 from Y232.25 and SFr 2.3775 compared with SFr 2.3500.

E IN NEW YORK

Dec 4	Latest	Previous Close
E Spot	1.4300-1.4305 0.56-0.53 per 1.79-1.74 pm 6.35-6.25 pm	1.4330-1.4340 0.57-0.56 per 1.81-1.78 pm 6.75-6.65 pm

STERLING INDEX

		Dec. 4	Previous
8.30	3/D	67.8	68.0
9.00	act	67.8	68.0
10.00	ant	67.9	68.1
11.00	am	67.9	0.83
Moon		67.9	68.0
1.00	pra	67.9	0.83
2.00	pm	67.9	68.0
3.00	pm	67.9	68.0
4.00	pm	68.0	67.9

CURRENCY RATES

Dec. 4		Special Drawing Rights*	Corrency Unit
Sterling U.S. Dollar Canadian S Asstrian Sch. Belgian Franc Danish Krone Denische Mark Neth, Gullder French Franc Laganese Yea Norway Krone Spanish Presen Swedish Krona Sweiss Franc Greek Drack	1559 487 NATURE 1744	0.845301 1.20878 16.8504 49.7292 9.01992 2.9922 2.70404 7.83289 NA 195.762 9.04772 1.62.102 8.29827 1.99328 104.7839 NA	0.73430 1.05042 1.45369 14.6335 43.2407 7.84037 2.07951 2.34927 6.81200 1441.71 170.799 7.87188 1740.652 1743.610 0.764501

December 4	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.0	-25.4
U.S. Dollar	110.1	+2.7
Canadian Dollar	77.3	-12.4
Austrian Schuling	134.7	+9.4
Belgian Franc	97.9	-5.5
Danish Krone	91.0	+2.9
Deutsche Mark	143.8	+20.1
Swiss Freed	167.6	+20.7
Guilder	131.6	+133
French Franc	71.3	-123
Litra	48.5	-15.4
Yen	204.2	52.0

OTHER CURRENCIES						
Dec. 4	£	S				
Argenzina — Australia — Brazii — Finland — Grecor — Kong Kong —	1.6840-1.6905 2.1850-2.1890 20.32-20.43 6.9820-6.9925 196.04-199.48 11.1310-11.1470	1.1770-1.1810 1.5280-1.5295 14.20-14.28 4.8830-4.8850 136.89-139.20 7.7815-7.7845				
korea (Sth) Kuwait Luxembourg	109.10* 1234.12-1245.28 0.41940.41960 58.60-58.70 3.7055-3.7145	76.00° 861.30-868.30 0.29330-0.29340 41.00-41.10 2.5910-2.5930				
H. Zealand _ Saudi Ar Singspore S. Af. (Cm) S. Af. (Fn)	2.8125-2.8225 5.3615-5.3670 3.1355-3.1415 3.1445-3.1670 6.0250-4.2900	1.9660-1.9715 3.7495-3.7505 2.1915-2.1935 2.2050-2.2100 4.2105-4.3925				

Dec. 4	£	S
Argentina -	1.6840-1.6905	1.1770-1.1810
Australta	2.7850-2.1890	1.5380-1.5295
Brazil	20.32-20.43	1420-14.28
Fanlanti	6.9820-6.9925	4.8830-4.8850
Greece	196,04-199,48	136.89-139.20
Kong Kong	11.1310-11.1470	7.7815-7.7845
Iran	109.20-	76.00
Korea (Stb) .	1234.12-1245.28	861.30-868.30
Kurealt	0.41940.41980	0.29330-0.29340
Luxemboorg	58.60-58.70	41.00-41.10
Malaysia	3.7055-3.7145	2.5910-2.5930
H. Zealand	2.8125-7.8225	1.9660-1.9715
Saudi Ar	5.3615-5.3670	3.7495-3.7505
Singapore -	3,1355-3,1415	21915-21935
S. Al. ICm)	3.1445-3.1670	2.2050-2.2100
S. Al. (Fr.)	6.0250-4.2900	4.2105-4.3955
Talwan	51.79-52.05	36.17-36.27
U.A.E	5.2515-5.2565	3.6725-3.6735

* Selling rate.

MONEY MARKETS

issue creates large shortage

CREDIT CONDITIONS on the London mooey market are likely to be tight today and on Monday because of funds tied up in the British Gas share issue. Credit was in short supply for this reason yesterday and the authorities were called upon to provide balp nn a large scale, including repurchase agreements in the minning and afternoon at attractive rates. This was not interpreted as an indication of lower interest rates however, but simply a sign of the difficult conditions created by the British Gas offer.

The yield structure remained flat, with interest rates showing little change. Three-month interbank was steady at 11½11% per cent, and £175m bank bills in band 4 at 10½ per cent. bank was steady at 111/2-11% per band 4 at 1012 per cent.
Another £46m bills ware purcb-

UK clearing bank base lending rate 11 per cent

since October 15

To Bank of England forecast a 3bn in money market liquidity money market sbortage of £900m, and provided total assistance of through a tender for special advances, at an interest rate of 5% per section of the special advances, at an interest rate of 5% per section of the special advances, at an interest rate of 5% per section of the special advances.

10 an early round of beip the authorities bought £176m bills outright, by way of £27m bank bills in band 1 at 10% per cent; £8m bank bills in band 3 at 10% per cent in the range of £7 50m to £7 600m. Bids above £7 600m were not met. An earlier seven-day liquidity boost through special cent and £141m bank bills in band are 1011 per £7th. at 101 per cent. edvances of F1 L6bn, at a rate of Before luncb another £227m 5.6 per cent expires today.

THE DOLLAR improved on short covering in currency markets yester-day. Despite its bearish undertone, traders were a little wary to run too short on dollars in a rather thin market since the latter could have been influenced by any comments made by Mr James Bakar, US Treasury secretary, speaking et a trade and debt conference. There was still still be used to the part and and 36 per from DM 19725 and Y162.80 compared to have little effect.

The dollar closed at DM 19220 compared to have little effect and figures, the dollar's exchange rate index part of the part of

	Ecu central rates	amounts against Ecu December 4	% change from central rate	% change adjusted for divergence	Divergence
in Franc	43.1139	43.2407	+0.29	+1.10	± 1.5368
	7.81701	7.84037	+0.30	+1.11	= 1.6403
	2.11063	2.07931	-1.49	-0.68	± 1.1127
	6.87316	6.81200	-0.89	-0.08	± 1.3659
	2.37833	2.34927	-1.22	-0.41	± 1.5059
	0.764976	0.764501	-0.06	+0.75	= 1.6683
	1476.95	1441.71	-2.39	-1.91	± 4.0734

POUND SPOT-FORWARD AGAINST THE POUND

Dec. 4	Day's spread	Close	One mouth	74	Three months	% pa
US	1.4280-1.4335	L4285-L4295	0.58-0.55c pm	4.74	1.83-1.78 pm	5.05
Canada	1.9740-1.9811	1,9740-1,9750	0.49-0.40c pm	270	1.50-1.35 pm	2.89
Netherlands .	3.184-3.22	3.21-3.22			44-4pm	513
Belgium	58.55-58.97	58.60-58.70			54-45em	3.38
Dengtark	10.632-10.75	10.74-10.75	13-4 are per	1.19	34-24 per	1.21
Ireland	1.0330-1.0460	1.0415-1.0425	0.20-0.38e dis	-334	0.65-1.00 ds	-317
W. Certenny .	2814-2854	284-2854			45-45, 201	632
Portugal	209.79-211.79	210.05-211.30	86-127 c 66	6.06	218-340 ds	-5.29
Sozia	191.39-192.91	192.65-192.90			21-71 ds	0.95
italy	19527-197174	196412-196512	1 pm-2 lire dis	-0.31	3-987 pm	0.31
Norway	106812-10.7712	10.744-10.754	54-54 ore 66		217-23 64	-8.35
France	9.22%-9.33%	9,324-9,334	212-214 c pm		5%-5 pm	2.33
Sweden	9.8112-9.88%	9.874-9.884	lightly one pra		414-414 pm	1.80
Japan	232-233	232-233	13-14 y pm	6.77	44-31, 07	6.77
Austria	19.81-20.00	29,87-20,00	94-73 gra pm	5.14	281 ₂ -25pm	5.37
Switterland	2.344-2.384	2.374-2.384	112-114 c dis	6.94	41c-4 pm	6.94

Dec. 4	Day's spread	Clase	Que monte	74	Three	%
UKt	1.4280-1.4335	1.4285-1.4295	0.58-0.56c pm	4.74	· 1.83-1.78am	5.05
relandt	1.3630-1.3825	1.3630-1.3640	0.97-0.87pm	8.00	2.89-2.70pm	8.10
- mark	1.3810-1.3823	1.3810-1.3820			0.73-0.78pm	-219
detheclands .	2.2215-2.2520	2.2495-2.2505	0.06-0.05c pa	0.29	0.16-0.13pm	0.29
Selgiont			3-5c ds	-1.17	15-19 ds	-146
Denmark	7.42-7.524		1.70-2.30ore de	-3.21		-3.5
W. Germany .	1,9645-1,9950		0.25-0.220 00			1.21
Portugal	1471-1484					-10.3
Spalet	133.25-135.00					-39
taly			5-6/be #			
torway						-10.9
cance	6.434-6.535					-28
wedet	6.854-6.914		1.75-1.95 ore dis			-3.2
apter.	16L9G-162.85		0.2812-0.261yy por			17
and the second		13.9843.985		· OAG		0.3
beitzerland		14435-14645	0.30-0.27c per	2.07		1.9

Dec. 4	Short term	7 Days' potice	Month	Three Months	Shi Months	Year Year
Sterling	107-114	114-114	114114	114-114	11%-11%	214-114
U.S. Dollar	64-64	61864	62.44	64.64	6-61	6163
Can, Dollar	74-84	74-84	874-874	8484	84-64	8-8
O. Gullder	511-62	57-64	6-64	5H-511	54-51	514-512
Sw. Franc	112-114	14.15	4,5-4,6	412-414	4-4%	373-46
Deutschmark	45-410	45,43	47-5	414-478	43-43	44.4%
Fr. Franc	73-73	772-772	84.54	812-813	148-HB	8784
Italian Lire	9-11	10-11	107-115	104-114	10-11	1017-107
B. Fr. (Flat)	77-73	73.74	74.73	73-73	73-73	75-73
8. Fr. (Con.)	74-73	712-8	74-84	74-84	74-84	74-84
Ven	44-43	46-46	412-4-4	4,442	41-42	43-4%
O. Krone	21.9	9-912	942-10	95-104	10-101-	101-105
Asian \$ (Sing.) .	64-64	64.64	61-612	63.66	6-63	664

Long-term Euro	dellars: Two year	5 63-63 per cent	three years	67-74 per	cent, four years
75g per cent; five Japanese Yea; of			ibort-term ra	un are cal	for US Dollars
EXCHANGE	CROSS RA	TES .			

Dec.4	3 £	S	OM	YEN	F Fe.	S Fr.	H FI.	Lma	CS	a Fi
£	0.700	1.429		232.5 162.8		2.378 1.664	3.215 2.250	1965. 1575.	1.975 1.382	58 65 41.05
DM	0.351	0.502 6.146	12.25		3.276 40.12	0.835 10.23	1.129	690.1 8452.	0.693 8.492	20.5 252
F Fr. S Fr.	1.072	1.532		249.3 97.79		2.349	3.447 1.352	2107. 826.5	21(7 0.830	62.8 24.6
H FT. Life	0.311	0.444 0.727	0.586	72.32 118.3	2.901 4.747	0.740 1.210	1.636	6112	0.614 1.005	18.2 29.8
CS. 8 Fr.	0.506	0.724	1.442 4.855	117.8 396.4	4.724 ·15.90	1.204	1.628 5482	995.2 3350.	1 3.367	29 70 100

FT LONDON INTERBANK FIXING

Dec. 4

ased for resale to the market on December 10 at 1033-1012 per eent

In Amsterdam call money rose

Deer-

1112-5

ū

Tucy month	(11.00 a.m. Dec. 4	il 3 modeles U	.5. dollars	1	& months	U.S. dollars	
offered rates for \$10m quoted by the market to five reference banks at \$11.00 a.m. each working day The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust. MEW YORK Treasury Bills and Bonds (Lunchtieve) One month 4.84 Three pair 6.31 Prival case 7½ Trea month 5.37 Four year 6.48 Broker loan case 7½ Tire month 5.55 Five year 6.56 Broker loan case 7½ Tire month 5.55 Five year 6.56 Broker loan case 7½ Tire month 5.57 Tivy year 6.56 Feel, funds at intervention 6% Two year 5.70 10 year 7.00 Feel, funds at intervention 6% Two year 6.13 30 year 7.28 Frankfort 4,50-4,60 4,55-4,80 4,50-4,60 4,50-4,60 7,2-7,2 7,2-73 7,2-73 7,2-71 7,2-71 7,2-71 7,2-71 7,2-71 7,2-73 7,2-71 7,2-71 7	bid 6 %	Offe	r 6 &	1	id 6	i Offe	r 6 %
Classchtiere Commont	offered rates for \$10m The banks are Nationa Paris and Morgan Gua	quoted by the I Westminste Leavily Trust.	market to fly	e reference	banks at 11.0	D Tur sach	working day
Prise rate 712 Three month 5.55 Five year 5.56 archer loan rate 712 Str. roomb 5.64 Sever year 6.23 for loan rate 712 Str. roomb 5.64 Sever year 6.23 7.00 for five 15.64 Sever year 7.00 for 7.00 for 7.00			e enough	4	84 Three		
Dec. 4 Destroight Month Months Months Intervention	Broker loan rate	712 The 712 Sta 513 Con	ree month regeth r year	5 5	55 Fire ye 64 Seren 70 10 year	ter	6.56 6.83 7.00
Paris 79-712 713-713 712-713 713-713 7	Dec. 4	Oversight					Lombard Imervention
	Paris	73-712 7-12 9-64 3.96875 11-1112 6.70	7,3-7,2 414-419 6-649 4.46875 114-113 7,3-7,2	72-73	7%-711 414-423 574-6 434375 114-114 75-712	716-718	- - -

Treasury Bills (Seil); one-month 10 % per cent; three-months 10% per cent; Bank Bills (Seil); one-month 10% per cent; three months 10% per cent; Bank Bills (Seil); one-month 10% per cent; three months 10% per cent; Treasury Bills; Average (ender rate of obscome 10.66% p.c. ECGO Fluxed Finance Scheme IV reference date November 1 to 28 (inclusive); 11.248 per cent. Local Authority and Finance Houses seven days fouce, others seven days fluxed. Finance Houses Base Rate 11% per cent from December 1, 1986; Bank Deposit Rates for sums at seven days notice 4.35-4.375 per cent. Certificates of Tay Deposit Rotes for Sums at seven days notice 4.35-4.375 per cent. Certificates of Tay Deposit Rotes for Deposit Rotes for Sums at seven days notice 4.35-4.375 per cent. Development 11% per cent, three-six months 11% per cent; per cent; three-six months 11% per cent; per cent, three-six months 11% per cent; per cent, three-six months 10% per cent, three-six months 11% per cent, three-six months

7 days

11

FINANCIAL FUTURES

Gilts and US bonds recover

LONG TERM gilts and US Treasury bond futures recovered from weak starts to close at the day's highs on the London International Financial Futures Exchange yesterday. Turnover in long term gilts was relatively modest by recent standards, at around 17,000 contracts.

March delivery US Treasury to sell bond futures, but late short covering pushed March delivery up to the day's peak of 107-13 at the close, compared with 107-19 on Wednesday, and an opening level of 107-08. The depressed start to trading followed a weak close overnight, and a fall of sterling against major currencies in general in early foreign exchange trading. Encouraging West German gross national product growth in the third

quarter led to an initial firming of the D-Mark against the dollar and the pound, but this process was relative pound, but this process was relatively low effect on the day followed by a recovery in the long gilt and US foreast, but the timing remains in doubt. This has lead to e reluctance to sell bond futures, but no strong trend to buy.

Today's November US unemployment in feur for the future direction of the future direction of the future service a boost from a large for the future direction of the future service a boost from a large for the future direction of the future service a boost from a large for the future direction of the future service of service pound from October's 7 per cent is expected, but traders will be more concerned with the rise in non-farm employment, which is force for the future direction of the future service of 3.4 per cent

LIFFE LONG GILT FUTURES OFTIONS

LIFFE E/S OPTIONS \$25,000 (carts per CI)

LONDON

20-YEAR 12% NOTIONAL GILT ESO,000 32mm of 100%

THREE-MONTH STERLING £560,000 points of 100%

Dec 95-47 — 95-51 March 95-53 95-48 95-56 Estimated Volume 15 (10) Provious day's once in 5 (20)

Dec. 162.00 High Law Priv. 162.01 162.05 162

Dec. 101-07 101-07 100-28 March 100-08 100-06 99-24 June 99-10 Extimated Volume 3,410 (6,3331 Previous day's open int. 3,678 (3,290)

CURRENCY FUTURES

POUND-S (FOREIGH EXCHANGE) \$800 1-886 3-886 6-886 12-886 14290 1-4234 1-4110 1-3925 1-3612

LIFFE-STERLING EZS,000 S per E

Close High Low Prev Dec. 14308 1,4295 1,4294 1,4300 Mir. 1,4125 1,4109 1,4104 1,4118 June 1,3940 - 13938 Esurrazed volume 50 (96) Previous day's open im 1,690 (1,685)

Lastert High Low Prev 1.4330 1.4330 1.4270 1.4305 1.4145 1.4080 1.4120 1.3920 1.3920 1.3920 1.3920 1.3835 1.3835 1.3780 13825

113-114 113-114 113-114 114

MM-STERLING SE per £

Price Mar. June Mar. June 98 June 98 June 99 July 90 J

-Last PritsJune Mar.
9,47 0,05
8,09 0,12
6,32 0,26
5,07 0,50
3,59 1,24
2,59 2,15
2,07 3,23
1,31 4,47
ab, Calé 3 Parts O

101-31 101-03 - 100-04 99-00 99-04 98-05 92-05 97-06 97-07 96-13 96-12 95-19 95-18 94-04 94-06 - 93-16

High 101-11 100-12 99-11 98-11 97-12 96-15 95-21

94-09

94-09

SWISS FRANC (IMM) SF:125,000 \$ per SFr

Mar. Dec. Jan. Feb.
1325 0.00 0.00 0.07
8.25 0.00 0.09 0.45
3.77 0.03 0.85 1.75
1.64 2.05 3.39 4.49
0.57 6.42 7.65 8.51
0.16 11.92 — —

0.05 0.65 3.05 7.35

| | 2 | 2 | 500 68 1 51 130 3.20A 7 11.70 LIFFE US TREASURY BOHO FUTURES OPTIONS LIFFE FT-SE 100 INDEX FUTURES OPTIONS 15500 15750 16000 16250 16500 16750 17000 Estimated 17 17 18 17 18 26 17 86 17 FI.115.80 H16510 3.50 16 8.90 7.A 4.70 8.50 1.20 2.60 0.90 2.40 7.308 125 20 18 80 109 26 335 245 308 234 Mar. 0.90 2.55 5.45 9.45 16.10 20.90 20.20 FL178.50 0.50 1.40 0.20 1.20A 3.80 5 1.70

VER C FI	480 14		42 25 45 6.90	131	= 115355
. VOLUME IN CO	A=Ask	B=Rid	C=Cell	P=Pug	
В	ASE	LEND	NG R	ATES	
Bank A Company A Arab Bk Ltd Buehar & Co I rish Bank ican Exp. Bk Bank Bank Banklog Group justes Cap Corp. O de Bibhan Leuni (UKO Credit & Comm of I rishmi of I rishmi of Scotland one Beige Ltd ays Bank hemait Tst Ltd per Bank AG Bit. of Mid. East on Schipley and Medic Fant		Cidhank NA	## 11 1245 ## 11 11 12 11 12 11 11 11 11 11 11 11 11	Morgan Gr Mat Bit. of National S Nat Wester Horthern E Nesveich G PK Farens Provincial R. Rapkee Roxburgi Royal Bit o Royal True Standard C Trustee Sa UDT Mort United Bit United Mit United Mit Viestpac Whitesaut Virishiers Houses C depoits 6.6.	" " " " " " " " " " " " " " " " " " "
da Permanent er Lid r Hoklings erhouse Bank	11 12	Liopds Bank	t 11 1d 11	# Call depos	sits £1,000 and or ¶ Mortgage base ra deposit, 6.69

SWORLD VALUE OF THE DOLLAR BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

Latest High Low Prev. 0.6158 0.6162 0.6147 0.6167 0.6184 0.6187 0.6173 0.6191 0.6210 — 0.6210 0.6216 0.6245

93.95 94.12 94.08 93.91 93.64 93.32 92.97 92.62



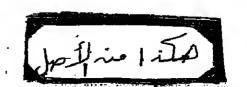
The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, December 3, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, miless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for,

sume responsibi		or minerance o	the plant is an arred i	ereign contenue	-, wie nermer	Delik of Muctice is	I of the thirt like by	Insuriced 1 thic
New Yo	Bank of America G rk, Tokyo, San Fra 24-hours a day	ancisco, Los Ar trading capabl	ngeles, Toronto. Hity.	ECU=\$U		SDR1=\$US1.2087 3 months lar Libor: 6.2 Sibor: 64		i, at 11.00 a.m
COUNTRY	iries: 01-634 4360	VALUE OF	1-236 9861.	CUBBENCY	VALUE OF	COUNTRY	CUBBENCY	VALUE OF
phanistan bania	Afghani (o) Lek	50.60 7.0531 4.63	Gibraltar	Pound* Prachma	1.432 138.45	Papua New Guinea	Kina Guarani (o) Guarani (o) (4)	0.972 240.00
gola	{French Franc Spanish Peseta Kwanza	6.49	Greenland	Danish Krone E. Caribbean \$ Franc U.S. \$	7.48 2.70 6.49	Peru	Guerani (d) (inti (d) (inti (f)	320.00 610.00 13.95 18.43

-	Albania	Olnar Olnar	7.0531 4.63	Greece	Drachma Danish Krone	138.45 7.48	Paraguay	Guarani (o)	240.00
. [Algeria	dinar		Creenizori	Dankle Kenne	7.48	Daniel I		
.	A da				Denton room	1170		Contract (cf)	610.00
	ALBUSTE	Engelish Denge	6.49 134.05	Grenada	E. Caribbean S	2.70		Cuarasa (g)	61010
	Angola	Kuzara	29,910	Guara	Franc	1.00	Peru	ोतां (a) .lati (f)	13.95 18.43
-1	Artices .	E. Caribbean S	2.70	Chan	Dustral (a)	1.00	Philippines	Peso	20.478
ı	Argentina	Austral	1.179	Guasemala	Operani (h. i)	2.62	Philippines Pitcairn Islands Poland Portugal Puerto Rico	N.Z. Dollar	1.972
	AustraliaAustraliaAustralia	Florin	1.80	Guinea 8issau	Peso	170.479	Poland	Zioty (el	199.21
1	Australia	Dollar	1.5337	Faloro Basublia	Franc	340.00	Portugal	Escudo	147.63
ı	Austria	Schilling	13.945	Goinex Republic	Franc (j)	300.00	Puerto Rico	u.s. \$	1.00
ı	Appres	Portuguese Escudo	147.63	Guyana	Dollar	4.4083	data	Kiyal	3.641
-1	Bahamas	Dollar	· 1.00	Haiti	Gourde	5.00	Reunion (sie de la	French Franc	6.49
Į	DELIGITATION OF THE PERSON NAMED IN COLUMN TWO		134.05	Honduras Republic	Lempera.	2.00	Romania	Leu (o)	4.30
	Balearic Islands	Spanish Peseta	. 30.80	Hong Koog	Dollar	2.10 7.7795	Rwanda	Leo (C)	10.66
ı	Bartados	Dellar	2.0113	M	F	46.214			84.9715
	2-1-1-	Franc (c)	42,603	Iceland	Krona	40.52	St. Christopher	E. Caribbean S	2.70
1	Beigium	Franc (f)	42.855	iceland	Rupee	13.14	St. Helena St. Lucia St. Pierre St. Vinceni Samoa (Western)	Pount"	1.432 2.70
ı	Berize 8 emin 8 eminis	Dollar	2.00	Indonesia	Rupiah	1653.00	S. Plare	Extends Extend	6.49
_	Senio	C.F.A. Franc	324.50	[12/1	Rial (o)	76.3594	St Vincent	F. Caribbean \$	2.70
=	Sermuda	Dellar	1.00	Iraq	Dinar	0.3109	Sampa (Western)	Tala	2,246
1		LEGG I LEWIN	13.14	trish Republic	Pupt"	1.373	Sampa (US)	UM 36 1	2.00
1	Bolirla	Pero (1)	1923000.00	Italy	usw Sherra	1.484 1373.50	San Marino	Italian Lica	1373.50
-1	Botswarta	Pula	1.8447	Jamaica	Dollar (o)	5.48	São Tome & Principe DR	Dobra	37.4351
1	erazu	Enuzado (a)	14.207	Japan	Yen	162.35	Savet Arabia	Riyai C.F.A. Franc	3.751
Ĭ	Brynel	Dollar	2.19	Jordan	Dinar	0.3485	Sectories	C.F.A. Franc Rupee	324.50 5.9851
-1	Burkina Faso	Lev	0.902	Irish Repairit Lorael Italy Jamakta Japan Jordan Kampuchea	Riel	n.a.		Leone	31.00
٤)	Burkina Faso	C.F.A. Franc	324.50	Kenya	Shelikeg	15.8882	Singapore	Dollar	2.19
<u>'- 1</u>	Service	Kyal	7.039	Kiribati	Australian Dollar	1.5337 0.94	Singapore	Dollar	1.9493
٠,	Service	C FA Form	324.50	Kenya Kiribati Korea (North) Korea (South) Kuwait	Won .	864.50	Sertali Republic	Shilling (d)	110.00
1	Cameroun Rp.	Coltan	1.383	Kıresit	Dinar	0.2936	South Africa {	Rand If	4,4944
١	Canada Canary Islands Cape Verde Islands	Snankh Peceta	134.05	Lacs Pies Dikep	Kin	35.00	Spaio	Rand (c)	22114
-1	Case Verde Islands	Escurio	89.2698	Lebanon	Pound	66.25	Spanish ports in	Peseta.	134.05
. I	Cavatia Islands	Dollar	0,835	Lesotho	Maloti	2.2114	Morth Africa	Sozokh Peceta	134.05
ij	Chad	C.F.A. Franc	324.50	Liberia	Dollar	1.00	Sri Lanka	Runee	28,508
: 1	Chad	C.F.A. Franc	324.50	Linebtendale	Dinar Curios Conno	0.3182		Pound (a)	2.45
3	Chile	Peso (a)	199.36 3.722	Lucabase	SWISS FIRST	1.652 42.603	Sudan Republic	Power (k)	2.93
0	China	Mennining Angel	215.11	Libya	Patara	0.0868	Sri Lanka	Pound (f)	4.00
8 1	Comoros	C F A Ferre	324.50			731.358	Surinem	Guilder	1.785
-1	Congo People's Rea. of .	C.F.A. France	324.50 58.28	Madeira	Portuguese Escudo	147.63	Swamland	Lilangeni	2.2114 6.893
. 1	Costa Rica	Colon	58.28	Malawi	Kwacha	1.9736	Sweden	Franc	1.652
ľ	Core d'Ivoira	C.F.A. Franc	324.50	Malaysia	Ringgit	2.596	Syria	Pound (a)	3,925
1	Cuba	Peso	0.8033 1.9346	Makive Islands	Ruffyaz	7.00 324.50	Teleste	Dollar (e)	36.23
1	Czechoslovakia	Pound"	5.75	Mail Repourt	Line	2,6774	Tanzania Tanzania Thaitand Togo Republic	Shilling	49.248
1			7.48	Maita Martinique Macrinosia	Franc	6.49	Theiland	Bakt	26.22
1	Dilboud Rep. of	France	177.00	Macritania	Ougoiya	74.80	Togo Republic	C.F.A. Franc	324.50
1	Dominica	E. Caribbean S	2.70	Mauricius	Rupee	13.22	COTTON ISSUEDS	Paranga I	1.5337
1	Compains Develle	Peso	3.05	Mexico	Peso (d)	877.00	Trinidad 6, Tobago	Dollar Dollar	2.409
1	Dominicas Republic	Peso (d)	3.03		Peso lei	866.00	Tombelo	Dollar (II)	3.60
-1	Ecuador	Sucre (d)	145.10	Miquelon	French Franc	6.49 6.49	Tunisia	Olnar Lira	0.835 748.67
1		Sucre (D	146.50	Monaco	rresult fol	3.3555	Turkey		1.00
_1	Egypt {	Pound (o)	0.70 1.36	Monserrat Morocco Mozambique	F. Caribbean S	2.70	Tovalu	Australian Dollar	1.5337
1		round (t)	2.50	Morocco	Oirham	8.73	Ucanda	Skilling (t)	1395.52
1	El Salvador	Colon (d)	5.00	Mozambique	Metical	39.812	Uganda United Arab Emirates	Olpham	3.673
.]	Equatorial Guinea	CFA Free	324.50	Namibia	S. A. Rand	2.2114	United Kingdom	Pound Sterling*	1.432
1	Ethiopia	Rier (n)	2.0636	Nauru Islands	Australian Dollar	1.5337	Ureguay	Peso (m)	174.80
			7.48	Nepal	Rupee	2).40	USSR	Rouble	0.6841
1	Faeroe Islands	Danish Mone	1,432	Netberlands	Guilder	2.2397	Vanuatu	Vatu (6)	117.476
1	Fill	Dotter	1.1601	Netherlands Antilles	Gullder	1.80	Vatican	Lira	1373.50
1	Fiji	Markka	4.886	New Zealand	Dollar	1.972	. [Bollvar (c)	7.50
ı	France	Franc	6.49	Manusana	Cordoba Condoba (o)	900.00 70.00	Venezuela{	BOMVAR (G) (1)	7.50
ı	French C'ty in Africa	C.F.A. Franc	324,50	Nicaregus	Controlle (d)	1500.00	· Commun	Boinwir (d)	25.20
Н	French Guiana	Franc	6.49	Niger Republic	CEA Franc	324.50	Vietnam	Jong (U) (7)	80.00 1.00
ı	French Pacific Islands	C.F.P. Franc	118.00	THISE REPORTS	Nation (d) (S)	3.5121	Virgin Islands (British) Virgin Islands (US)	10 e	1.00
Į	Gabon		324.50	Nigeria	Naira (6) (5)	2.468	Vergin ISMOS (US)	90 P	10.50
ı	Gambia	Dalasi	7.58	Norway	Krone	7.502	Yemen	KIEI Di	0.343
1	Germany (Face)	Ostmark (o)	1.9813	Oman Sultanate of		0.385	Yemen POR	Vinar None	426.39
7	Germany (West)	Deutsche Mark	1.9813				Zaire Republic	Paire	65.5118
5	Ghana	Cedi (21	151.00	Pakistan	Rupee	17.258	Zambia manananananananananananananananananana	Kwacha	15.2905
	A	Cedt (n)	90.00	Panama	29005	1.00	Zimbabwe	Dollar	1.6835
1									

t. (a) Official rate. Ibi Floating Rate. ing tourist rate. Iii Public Transaction Rate. mary 1983. (2) Ghana, 19 Sep 86: Cedi. n.a. Hot available. Im) Market rate "U.S. dollars per National Currency unit. (al Freemarket central bank. te. (di Freemarket. (e) Comtrolled. (i) Financial rate. (g) Preferential rates. (h) Non essential imports. Ill Floating roducts. (ii) Promity Rate. (ni Essential imports. (p) Exports III Venezuela: For debts incurred prior to Februar in Constituted. (3) Hungary, 23 Sep 86: Gharrani devalued by approx. 9%. (ii) Paraguay, 24 Sep 86: Gharrani devalued by approx. 9%. (ii) Paraguay, 25 Sep 86: Gharrani devalued by approx. 14.1% against SDR. 17) Vyetnam, 7 Nov 86: Dong devalued to the Control of American Constitution of the Control of Control of Constitution of the Control of Control of

BRITISH FUNDS 1966 Frice + or Yeld High Lew Stock E - wt. Red. "Shorts" (Lives up to Free Years)	AMERICANS—Cont. 1986 Price + or life Ynd 1970 Stock 2 - 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	LONDON SHA	RE SERVICE	### 1986 Shock Price	1985 Stack Price Stack Price Stack Stack Price Stack Stack Price Stack Stack
100 100	124 774 Chrory St. 396, 402 31 31 21 27 20 20 21 22 21 22 23 23 22 24 23 23 23	BUILDING, TIMBER, ROADS Cont	920 438 World Lester 10p J 488	103 Surminghina Miet 163 163 164 173 180 170	155 160 Applieding U.E. P. 110 228 6.0 2.9 3.7 13.4 4.5 150 Applieding U.E. P. 110 2.9 4.1 0.4 6.2 2.0 1.1 42.3 4.7 1.3 4.3 4.7 4.6 4.5
944 33.6 Finding Sap. 37-912 96.4 3 1.5 9.5 1.5 95.1 1.5	28 22% Hospital Corp An S1 25% - 5% - 1.4 229 19% Hospital Sisk Intl 25% - 5% - 1.4 1129 83% HBM Corpn S1.25 39117 - 3 544 31 1129 83% HBM Corpn S1.25 39117 - 3 544 31 138% 12% IC Rodscrives 35% - 31 138% 12% IC Rodscrives 35% - 31 140 140 9 Winstone Int 1536 - 43 140 9 Winstone Int 1536 - 43 141 - 2 3 12% Intellect S1 15 - 4 12% Int 14 140 27% Loddred Crpt S1 37% - 14 140 27% Loddred Crpt S1 37% - 14 140 27% Loddred Crpt S1 37% - 14 140 27% Loddred Crpt S1 25% IN 40 27% 15% Lone's 50% 15% - 10% - 14 28 15% Lone's 50% 15% - 16 38% 21% Homer's 15% - 25% IN 15% - 16 40 20 9 Winstonewite Wiess 39 14 450 20 9 Winstonewite Wiess 39 20 460 42% Homer's Liph S1 25% IN 15% - 16 460 42% Homer's Liph S2 47% 48% - 19 28 20% PHH 25% - 47% 48% - 01 28 20% PHH 25% - 15% IN 31 189, 139 Pacific Cas & Elec S5 25% - 15% IN 31 189, 139 Pacific Cas & Elec S5 25% - 15% IN 31 189, 139 Pacific Cas & Elec S5 25% - 15% IN 31 280 15% Phi Mary II 25% - 15% IN 31 280 15% Phi Mary II 25% - 15% IN 31 280 15% Phi Mary II 25% - 15% IN 31 280 15% Pacific Cas & Elec S5 25% - 15% IN 31 280 15% Phi Mary II 25% - 15% IN 31 280 15% Phi Mary II 25% - 15% IN 31 280 15% Phi Mary II 25% - 15% IN 31 280 15% Phi Mary II 25% - 15% IN 31 280 15% Phi Mary II 25% - 15% IN 31 280 15% Phi Mary II 35% IN	250 19 19 19 19 19 19 19 1	223 45 AMS Into 59	150 42 Dany Corp. 158 48 24 43 184 259 146 169 281 48 190	251 152 Bearry (C.H.) 109
106. 90.	30	440 308 480	255 150 Burgess Products 295 +14 125 23 15 16.1 15 16.1 15 16.1 15 16.1 15 16.1 15 16.1 15 16.1 15 16.1 15 16.1 17 15 16.1 17 15 16.1 17 15 16.1 17 15 16.1 17 15 16.1 17 15 16.1 17 17 17 17 17 17 17 17 17 17 17 17 17	190	141
10	172	294 336 Turriff Cop. 398	272 260 Complement 10s 1978 L1	208 55 Patchffe (F. S.) Rols 123rf+8 -	18
1074 940 Do 22-pc*01 908.81 991 3.92 4.18 1074 952 Do 22-pc*01 908.81 991 3.92 4.18 1108 962 Do 22-pc*06 (274.1) 1014 3.75 3.95 1106 972 Do 22-pc*06 (274.1) 1014 3.75 3.95 1106 972 Do 22-pc*06 (274.1) 1024 3.75 3.95 1114 963 Do 22-pc*01 (294.1) 1024 3.39 3.77 193 8011 Do 22-pc*16 (322.0) 93 3.74 3.59 194 90 8 Do 22-pc*16 (322.0) 93 3.74 3.49 3.64 1992 90 8 Do 22-pc*16 (322.0) 93 3.74 3.49 3.64 1992 90 8 Do 22-pc*16 (322.0) 93 3.74 3.49 3.64 1992 90 8 Do 22-pc*16 (322.0) 93 3.74 3.49 3.64 1992 90 8 Do 22-pc*16 A (322.0) 93 3.74 3.49 3.64 1992 90 8 Do 22-pc*16 (322.0) 93 3.74 3.49 3.64 1992 90 8 Do 22-pc*16 (322.0) 93 3.74 3.49 3.64 100 854 Do 22-pc*16 (322.0) 93 3.74 3.49 3.64 100 854 Do 22-pc*16 (322.0) 93 3.74 3.49 3.64 100 854 Do 22-pc*16 (322.0) 93 3.74 3.89 100 854 Do 22-pc*16 (322.0) 93 3.74 3.89 100 854 Do 22-pc*16 (322.0) 93 3.74 3.89 101 808 Months prior to issue, RPI for March 1986; 381.6 and for October 1986; 388.9. 1164 92-pc*16 1987 1987 1987 11.27 11	BANKS, HP & LEASING 1986	250 246 Coalite Grosp	185 68	F000, GROCERIES ETC	102 85 Dobson Park 10p 87 521 13 76 126 129 94 DomeHide Im. 20p 100 55 25 7.7 5.7 129 94 DomeHide Im. 20p 100 55 25 7.7 5.7 129 95 Dower Corp. US51 531 -5 972 -2 129 Dower Grop 10p 126 +10 121 3.0 1.7 129 73 Dower Grop 10p 126 +10 121 3.0 1.7 129 129 129 129 122 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 120 121 120 120 120 120 121 121 120 120 120 120 122 123 125 125 127 125 127 123 124 125 125 127 124 125 125 125 127 126 127 126 127 127 127 127 128 121 126 127 127 127 128 129 121 120 120 120 129 121 121 125 127 120 121 125 125 127 121 125 125 127 125 127 122 123 125 125 127 123 125 125 125 127 124 125 125 125 127 125 125 125 125 125 125 126 127 126 127 126 127 127 127 128 121 126 127 127 128 127 128 127 128 121 128 121 128 121 128 121 129 121 125 125 127 120 121 125 125 125 125 121 125 125 125 125 125 125 121 125 125 125 125 125 125 121 125 125 125 125 125 125 125 125 125 125 125 125 125 125 125 125 125 125 125 125 125 125
1934 93-Maiaysta 124-pc 786 94-3 12-97 13.09	133 121	17	22	14	100 Do. 554 Red. Pref. 136 552 338 150 Exercised 194 +2 73.5 5.2 25 8.2 400 309- Extel 396 396 397 398 31 401 309- Extel 396 336 -2 180.5 0.9 ± 402 25 Feetex Agric, 100 33 91.5 2.7 6.4 8.0 403 105 Feetex Agric, 100 33 91.5 2.7 6.4 8.0 404 105 Feetex Agric, 100 33 91.5 2.7 6.4 8.0 407 17 17 17 17 17 408 17 17 17 17 409 18 17 17 17 409 18 17 17 17 409 18 17 17 17 400 18 17 17 17 401 18 18 17 402 18 17 18 18 403 17 18 18 404 105 18 18 405 18 18 18 406 18 18 18 407 18 18 18 408 18 18 18 409 18 18 18 400 18 18 18 400 18 400 18 18 400 18 18 400 18 18 400 18 18 400 18 18 400 18 400 18 18 400 18
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14 992 Do. 12-pix Un. In. 1992 165 11.90 11.20 2922 77 91.81 11.40 21.20 21.20 22.20	15 405 Clark Masteres 461 461 162 152 152 154 154 155 156 158 15	55 30 Executes 20. 99 +10 102.0 52 13 1.65 13 105 Fine Art Decs. So. 183 +14 14.0 24 31 18.7 18.5 19.5 Fine Art Decs. So. 183 +14 14.0 24 31 18.7 18.5 19.5 Fine Art Decs. So. 183 +14 14.0 24 31 18.7 18.5 19.5 Forminster 10p 200 -1 6.57 3.7 4.6 8.3 19.5 19.5 Forminster 10p 200 -1 6.57 3.7 4.6 8.3 19.5 Forminster 10p 200 -1 6.57 3.7 4.6 8.3 19.5 19.5 19.5 19.5 19.5 19.5 19.5 19.5	70 90 STC	10 +9 10 10 10 10 10 10 10 1	A 62 Fraction 10
44 27 Athers Laboratories 335ps -1 84c 17 18 11 18 11 18 18 18	SUILDING, TIMBER, ROADS State	135 10. Non Vis.	10 25 Tuestal Group 55 390	228 ################################	11.6 Kleen-E.ze Hists. 258 10.4 20 47 15.5 11.6 Kleen-E.ze Hists. 258 35.0 48 82 45.3 11.6 Kleen-E.ze Hists. 250 35.0 48 82 45.3 19.1



Option
*First Declara- Last Account Dealings tions Dealings Day
Nov 24 Dec 4 Dec 5 Dec 15
Dec 8 Dec 18 Dec 19 Jan 5 Dec 22 Jan 6 Jan 9 Jan 19 Share prices continued to slip lower in London as nervousness over the recent batch of official inquiries was beightened by Exco International's decision to call in the City Fraud Squad to investigate irre-

amid continuing speculation that the group could be the subject of a

DTI investigation and lost 6 more making 5 two-day relapse of 52 an 767p. Preliminary profits some £16m sbort of market expectations

depressed Royal Bank of Scotland which fell 22 to 274p. Bank of Scot-land dropped 15 at 399p in sym-

Unlisted Securities Market, plastic

packaging group Gayner, made a bright debut, closing at 107p com-

pured with the placing price of 94p. Guinness regained some compo-sure after the steep fall which fol-

lowed Monday's shock news of the

DTI's investigation into the company's affairs and closed 5 better at 2840. Bass measured

284p. Bass, meanwhile, chapened 6 at 713p despite reporting annual

profits at the top end of market estimates. Elsewhere, Merrydown recorded a speculallye rise of 21 at

Leading Building issues were

untested and showed very little change on the day, bul secondary

issues, notably brick concerns, made useful progress excited by new that Nottingham Brick had

new that treating and from feet-ley, the former were marked shar-ply bigher and settled a net 50 up

up 7 to 458p. More modest improvements were seen in Bag-geridge Brick, 10 up at 435p. and Ibstock Johnsen, 4 dearer at 194p. Elsewhere in the sector, John Fin-

lan firmed 3 to 76p following news

of a £5.2m property disposal, while Thamas Warrington gained

2 to 100p in a restricted market. Moving sharply against the trend, Breedon and Cloud Hill Lime

Works dipped 23 to 233p following the appearance of a relatively

sizeable seller in a unwilling

Fine Art pleases
Finn Art Developments provided

an outstanding feature among

secondary Stores as the shares advanced 141/2 to 1831/2p in response to the much better-than-expected

interim results. Elsewhere, a few

of the old speculative favourites

showed up well with Executex not-

6 at 38p, French Connection added 7 at 177p, but Freemans came on offer at 380p, down 16. Empire lost 6 at 170p and Lincroft Kilgour

relinquished 10 at 245p. Ratners

rose 71/2 to 2471/2p following an

speculative support with a rise of

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times,

the Institute of Actuaries and the Faculty of Actuaries

tors was the slightly cool response to the mammoth British Gas share In the absence of buying support the equity market soon drifted easier, and attempts to rally proved

gularities at a subisidiary. Also discouraging the institutional inves-

The FT-SE 100 index closed 5.0 down at 1610.1 and the FT Ordinary index at 1265.9 shed 3.2. In the "grey market" in British Gas sbares, opened ahead of the start on Monday of official dealings, the stock was initially quoted at 51-55p.

against the 50p partly-paid offer price, but later rallied to 54p-57p. Rumours that Japanese bouses were offering to sell Gas stock were quickly denied—Nomura Securities said it would probably be a buyer next week. "Demand from Japanese private investors was very good." commented Mr Keith Clark of Nomura, adding that the firm would have been happy to "handle 10 per cent of the Gas issue"-after applications were scaled down, Nomura ended up with about 21/2

per cent.
U5 investors were reportedly in the Gas showing some interest in the Gas issue, but only at the offer price. Overall, the grey market saw a trickle of small sellers.

The oil sector, against which British Gas will now be measured by the ash cas will now be measured by the stock market analysts, shaded lower in thin trading Most of the blue chips were also sluggish, although Unilever, spurred on by its plans to acquire Chesebrough Pond's again

There was another bout of nervous selling of Standard Chartered, while LCP Holdings eased es the chairman requested a Stock Exchange enquiry into share dealings ahead of the bid from Ward

Japanese issues strengthened in the wake of the Tokyo market. Both Saatchi & Saatchi and Hanson Trust pleased the analysts with their respective trading results, but neither share prire made much

lower for most of the day but railied to close firmly as traders covered their bear positions at the close of the session Retail interest remained thin. The FT Government Securities index was 0.34 down at

Morgan Grenfell rally

that recent selling of Morgan Gren-fell in the wake of Mr Geoffrey Collier's resignation and the DTI Investigation at Guinness had been overdone and began to suport the shares at the lower levels. The upshot was that MG closed a steadier session, 12 higher on balance at 365p. Lloyds broker,

Share prices give further ground in nervous trading but Gilts rally on bear-closing a stake in Morgans, remained ner-vous and dropped 10 afresh at 433p, after 428p. Elsewhere, Standard Chartered met with further selling

	F	INAN	CIAL	TIME	S STO	OCK 1	NDICE	S		
	Dec.	Dec.	Dec.	Dec	Nov.	уеж	19	86	Since Co	mpilation
	. 4	3	2	i	28	290	High	Low	High	Low
Government Secs	81.21	83.55	81.23	B3.13	81.75	83.43	94.51	80.39	127.4 (9/1/35)	49.18 (3:1/75)
Fixed Interest	B8.45	88.58	88.41	88.38	88.55	89.JB	97.68	86.55 (23/L)	105.4 (28:11:47)	50.53
Ordinary 🛡	1,265.9	1,269.1	1,278.4	1,272.5	1,292.2	1,110.4	1,425.9	1,094.3	1,423.9	49.A (26/640)
Gold Mines	331.B	317.0	322.9	331.8	314.5	277.6	357.8 (22/9)	185.7 (18.7)	734.7 (15/2/83)	43.5
Ord. Oiv. Yield	4.49	4.48	4.44	4.47	4.41	4.44		S.E. AC		
Earnings Yid.%(full)	10.50	10.40	10.30	10.38	10.26	11.02	List	lices	Dec. 5	Dec. 2
P/E Ratio (net) (*)	11.66	11.74	11.85	11.76	11.91	11.20	Gill Edged	Bargains	135.7	119.2
SEAQ Bargains (5pm)	24,916	25,431	27,395	29,647	28,875	-	Equity Barg Equity Valu	aires	249.3 2649.5	238.5 1946.2
Equity Turnover (Em)	– :	1,310.84	962.86	896.35	1.146.02	666.82	5-Day Aver		2047.5	17402
Equity Bargains	_	38,471	36,802	39,889	36,392	33,453		Bargains		132.4
Shares Traded (mi)		515.2	379.6	385.7	362.1	519.1	Equity Valu	ains	240.5 2048.0	240.0 2027.4
	10 a.m. 1267.5	11 a 127		Noon 1267.1		p.m. 265.5	2 p.m. 1265.0		p.m. 265.9	4 p.m. 1264.7
Day's High 1270 Basis 100 GovL		ay's Low							_	•

10 respectively were seen in Elec-tron House, 128p, and Questel, 203p. MK succumbed to profit-taking and lost 6 at 382p and Zygal Dynamics and a proposed one-for-three scrip lost 6 at 382p and Zygal Dynan came on offer at 43p, down 7.

above the day's lowest with a fall edge bigher at 185p, up 3. following the recent interim atatement,
ing the recent interim atatement,
solvential occasional support left F. S.
Ratcliffe 10 higher at 115p and
Richardson Westgarth 1½ desirer
al 51½p. Tace, in contrast, continued to drift lower awaiting next
Tuesday's preliminary figures and
gave up another 10 to 310n. Among
the lightest and acquisition
tkington closed a shade better at
a gain of 35 at 205p on news of the
bid approach. Satisfactory interim
figures left Johnson Matthey a
benny harder at 216p. Erskine
House 5 to the good at 158p, but
Scapa Group eased 10 to 235p after
the interim results and acquisition edge bigher at 185p, up 3. following the recent interim atatement, gave up another 10 to 310p. Among the leaders, GKN were a relatively lively market, but settled 3 lower

at 271p.
Northern Foods displayed fresh weakness following comment on the interim results and abed 9 to 250p, a two-day fail of 17. Christian on revealed balf-year profits much in line with market estlmatea, but dipped 9 to 141p following reports of a full-year profits downgrading. Hunter Saphir settled a penny off at 180p following the interim results. In contrast, a division of the previous day's speculative gain. USM quoted Bluebird Toys continuel to sudden burst of speculative buying in a restricted market 273p. lifted Cheshlre Wholefoods 16 to Rec 266p. Sidney Banks were in demand at 355p, up 20, and Som-portex rose 3 to 229p. Leading Hotels were narrowly

A profits downgrading by Pru-Bache overshadowed news of the multi-million dollar Boeing/Saudi deal and Racal reacted from recent strength to finish the session 7 down at 176p. Other Electrical majors rarely strayed from their overnight levels. Elsewhere, Burgess Products attracted revived speculative support and closed 17 higher at 238p, while gains of 8 and ing Press comment

and a proposed one-for-three scrip issue and the price settled a shadn Acutely disappointing interim better at 191p; 19m shares were figures prompted selling of Baker traded. Most other leading miscellaneous industrials drifted a little above the day's leavest with a little and the language with a easier, but Unilever. a good market above the day's lowest with a lall easier, in thinever, a good market of 15 at 224p. 600 Group, also since the company's minounce-reflecting lower half-year profits, fell away to close 6 lower at 98p. Chesebrough Pond's improved & Elsewhere in the Engineering sector, VSL Consortinm continued to edge bigher at 185p, up 3. follow-kinglen closed a shade better at

LONDON REPORT AND LATEST SHARE INDEX: TEL 01-246 8026

Recent reports of reduced

mixed. Grand Metropolitan sof-tened 3 to 453p, but Trusthouses Forte were a steady market throughout and edged forward a penny to 179p. Kennedy Brookes revived with a gain of 6 at 270p, whila 5takis added 4 to 74p follow-

market Heightening fears that the bid battle could end in stalemate unsettled AE which came back 9 to 273p: Turner and Newall's offer is due to close today and rival bidder Hollis will not accept in respect of its holding. Among Distributors, Godfrey Davis eased 3 to 119p on uninspiring interim figures but Evans Halshaw made fresh headway, rising 4 to 148p. Comment on Mr Ron Brierley's stake attracted fresh buyers to Perry, up 4 nt 130p. a new peak for the year, rising 21 to 361p on demand aroused by its sbarebolding in Herald and Weekly Times; one of Australia's

the interim results and acquisition news. Expansion bopes prompted a gain of 10 to 126p in Dwek Group, but J. Billamdrifted back 4 more to 131p following the recent speculative flurry. Central and Sheerwe closed 1½ down at 6p following the bigger interim loss, while disappointing half-year results promp ted a reaction of 13 to 185p in attract boyers and put on 7 more to

advertising revenue sparked off a bout of profit-taking among recently firm television issues. TVam came back 7 to 201p and Yerkshire lost 9 at 166p. Central were 9 off at 381p and LWT 8 lower

Fairline Boats shed 11 to 201p reflecting the slightly cautious statement which accompanied the annual results. Photax (London)

ments. News that It is in discussions with Arbuthnot Properties Inft Imry 20 to 408p, after 410p. UK the excellent annual results, while Grainger Trust moved up 25 to 650p in a restricted market. Lynton continued to respond to a broker's recommendation and firmed 5 more to 336p, a two-day itmed 5 more to 336p, a two-day rise of 13, while press comment boosted Asda Property 5p 10 365p. Abaco Investments revived strongly and closed 3½ higher at 68½p, but recantly firm Parkdale encountered profit-taking, in front of today's interim and set-tled a couple of pence cheaper at 890.

89p.
Listings in Peniasular and Orient and Enropean Ferries were restored late following details of the promised offer. The agreed terms valued European Ferries at around the suspension price level of 122p but P and O weakened to around the suspension price level of 122p but P and O weakened to end 15 down at 508p. The dealing irregularities in Exco, currently in receipt of an agreed offer from British and Commonwealth, left e latter 6 off at 290p. Associated Investment whre

similarly changer at 271p. Tootal announced fresh expansion moves and called for cash of £23m, via n share placing of 25.6m shares, to finance a US nequisition. After a brisk trade. Tootal settled a shade lower at 98p. Other Textiles also showed marginal

changes on the session.
China and Eastern Investment
were bought after the sharp rise in the net asset valua figure and gained 9 to 100p, while Altifund income abures were quoted ex the 5.32p dividand payment at 50p. Associated Newspapers moved to Financial Trusts staged a note worthy movement in United Trust and Credit which rose 25 to 440p following the announcement of a bld approach. Since coming to the top three media groups, the latter has agreed to n bid from Mr Rupert Murdoch's News Corpora-tion, Daily Mall "A" were raised USM sector some months ago, the financial services group bas met with considerable success and is two points to £20 in sympathy with Associated Newspapers, Barham said to be attracting the attention of Mr T. C. Cole of Bestwood, ran into profit-taking after recent firmness on acquisition news and whose shares yesterday fell 15 to 160p. Recently firm Harvey and Thempson fell back late to close 20 ended 6 down at 154p but FKB gained 2 to 243p after the Interim statement, Preliminary profits in down at 300p.

Oils lose ground The oil majors, which have held np well in the face of widespread weakness to equities over the past Saatchi to 659p but the price ral-lied to close only marginally ower at 668p. few days, finally gave ground and Secondary Property Issues dis-closed with modest falls across.

NEW HIGHS AND LOWS FOR 1986

AMERICANS (7), CANADIANS (1), BANKS (1), DREWERS (1), INOUSTRIALS (10), INSURANCE (1), LEISURE (2), MOTORS (2), NEWSPAPERS (4), PAPER (2), PROPERTY (7), TEXTILES (1). PROPERTY (7), TEXTILES (1), TRUSTS (38), DVERSEAS TRACERS

LONDON TRADED OPTIONS

Jan. Apr. July Jan. Apr. July

line with market estimates caused an initial fall in Saatchi and

NEW LOWS (19)
CDRPORATION LOANS (2) Birmingham
11-pc 2012, Leeds 13-pc 2006, LOANS
(1) Nationwide Bid Soc 11-pc 26-10-87,
AMERICANS (1) Damson Gil, BANKS
(1) MCorp, Bull-DineS(1) Breedon
Lime, ELECTRICALS (2) Ferranti,
Goring Keir, ENGINEERING (1) TACE,
FOODS (3) Avana, Batleys, Northern
Foods, INDUSTRIALS (4) Highpoint
Servs, Pacific Sales Sidlaw, Wilkes (J.),
INSURANCE (1) Sedgwick, SHIPPING
(1) Sea Containers, TRUSTS (1) Aitifund
Inc. NEW LOWS (19)

Feb. May. Aug. Feb. May. Aug.

the board. Share prices where initially marked down, reflecting overnight U5 selling, and dipped further on offerings prompted by further on offerings prompted by a gradual drift in oil prices ahead a gradual d

prise a like amount to 150p. IC Gas movad up 7 to 550p reflecting hopes of a counter bid to Gulf Resources' current offer, which recnived only minimal accept ances this week. Few Overseas Traders bucked

the trend and Tozer Kemsley lost 6 more to 155p, while Polly Peck gave up 4 at 176p. Chillington were lowered 13 in a thin market to 138p, but James Finlay found support and rose 3 further to 89p. Golds move up

The performance of the Finan-cial Rand and, to a lesser extent the bullion price, were the domi-nant factors in South African sectors of mining markets. The Rand moved up around 2 cents to 24
cents against the dollar and quickly triggered off strong buying of Gold and related issues by

The strength of the strong buying of Settlement was 2 Mar 16 Mar Johannesburg operators who were Jonanesour operators who were additionally encouraged by the steady performance of the gold market at the opening. However, a subsequent decline in both the Rand and bullion prompted profittaking in Golds and the sector came off in the early afternoon with sentiment additionally unsettled by US selling. The bullion price, which was trading around

ended the session a net \$5 lower at

Platinums were buoyed by the strong showing by Golda and Rustenburg advanced 45 to 761p while Impala moved up to 796p. Lydenburg jumped 60 to 619p.

The sector was additionally unset to 658p. tied by the disappointing number to 658p. to 658p. The disappointing number to 658p. The sector was additionally unset to 658p. The sector was additionally under the sector was additional market".

BP dipped 4 to 673p amld group by Rupert Murdoch's News group by Rupert Murdoch's News Corporallon. Golds made limited Corporated its profits forecast for the company. Shell drifted back to close 4 off at 945p while 20 to 676p. Sons of Gwalin added 7 at 355p and Metana 9 at 285p.

Traded Options

A reduced overall trade in the Traded Options market of 25.169 contracts, comprising 16,437 calls and 8,732 puts again featured Hanson Trust which recorded 5,558 calls and 1,229 puts following the results. GEC were also lively with 1,432 calls and 2,126 puts arranged, while the recently beleasuered while the recently beleaguered Gulmess attained 1,167 calls and

Traditional Options

First dealings Nov 17 Dec 1 Dec 15

Last dealings Nov 28 Dec 12 Jan 2

Feb 19 Mar 5 Mar 19 Mar 2 Mar 16 Mar 20

For rate indications see end of Unit Trust Service Stocks dealt in for the call included Gninness, Boots. Morgan Grenfell, Dee Corporation. Tay Homes, Trustbouse Forte,

Johnson and Brown. Barclays and Britoll. No puts were reported, but a double option was arranged in Tay Homes.

TRADING VOLUME IN MAJOR STOCKS

ASDA MFI Aliled Lyons BAT ank Orgekiu & Col Standard Chart... Storehouse Sun Alllance..... 3SB United Biscults...

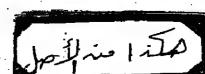
RISES AND FALLS YESTERDAY

LONDON RECENT ISSUES

| Paid | Remor. | 198 | Remor. | 199 | Remor. | 199 | Remor. | 199 | F.P. | 2871 | 207 | F.P. | 2871 | 207 | F.P. | 2871 | 207 | F.P. | 2871 | 208 | F.P. | 2171 | 153 | F.P. | 2171 | 153 | F.P. | 2171 | 156 | F.P. | 2171 | 157 | F.P. | 2471 | 208 | F.P. | 2471 | 209 | F.P. | 2471 | 103 R7.6 24 45 12.9
R4.0 27 29 18.1
R4.0 30 32 14.5
R3.7 22 56 17.7
C2.1 3.2 20 20.2
R2.2 42 21 16.2
R3.25 28 29 17.6
R4.5 25 36 15.3
L2.67 2.8 35 24.2
R3.2 3.0 2.0 13.8
R0.62 1.9 17 43.8
R0.62 1.9 17 43.8
R0.62 1.9 17 43.8
R0.62 1.9 17 43.8
R2.77 2.7 3.6 11.9
L2.8 3.3 14 31.5
W5.0 1.8 25 32.1
R3.1 5.8 2.6 14.2
R4.1 22 38 16.6
R3.9 12 4 54 10.6
R3.9 12 4 54 10.6
R3.9 23 4 1 15.0
R3.9 25 28 35 14.6
R1.28 5.7 1.9 13.8
R3.9 1 2.4 54 10.6
R3.9 2.3 1 15.0
R3.9 2.7 1.9 13.8
R3.9 1 2.4 54 10.6
R3.9 2.3 1 15.0
R3.9 3.5 14.6
R3.9 3.5 14.6
R3.9 3.7 1.7 1.8
R3.9 2.7 1.9 13.8
R3.

FIXED INTEREST STOCKS

	P	Date	High	Low	*****	Price	T
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1	CAPITAL GOOD	5 (211)		672.8					16.53	675.06			569.19	
2	Bullding Materials	s (27)		843.5					17.54	844.33				
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32	Publishing & Prin	ting (14)		2660.						2653.33		2633.23		
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35	Textiles (17)								12.61			538.10		
36	Tobaccos (2)				79 -0.1	13.16	4.10	8.34	36.99	1261.64	1267.42	1263.04	796.62	
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47	Telephone Netwo	rks (2)		7794		11,14			16.67	783.12	793.00	781.04	908.78	•
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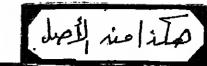
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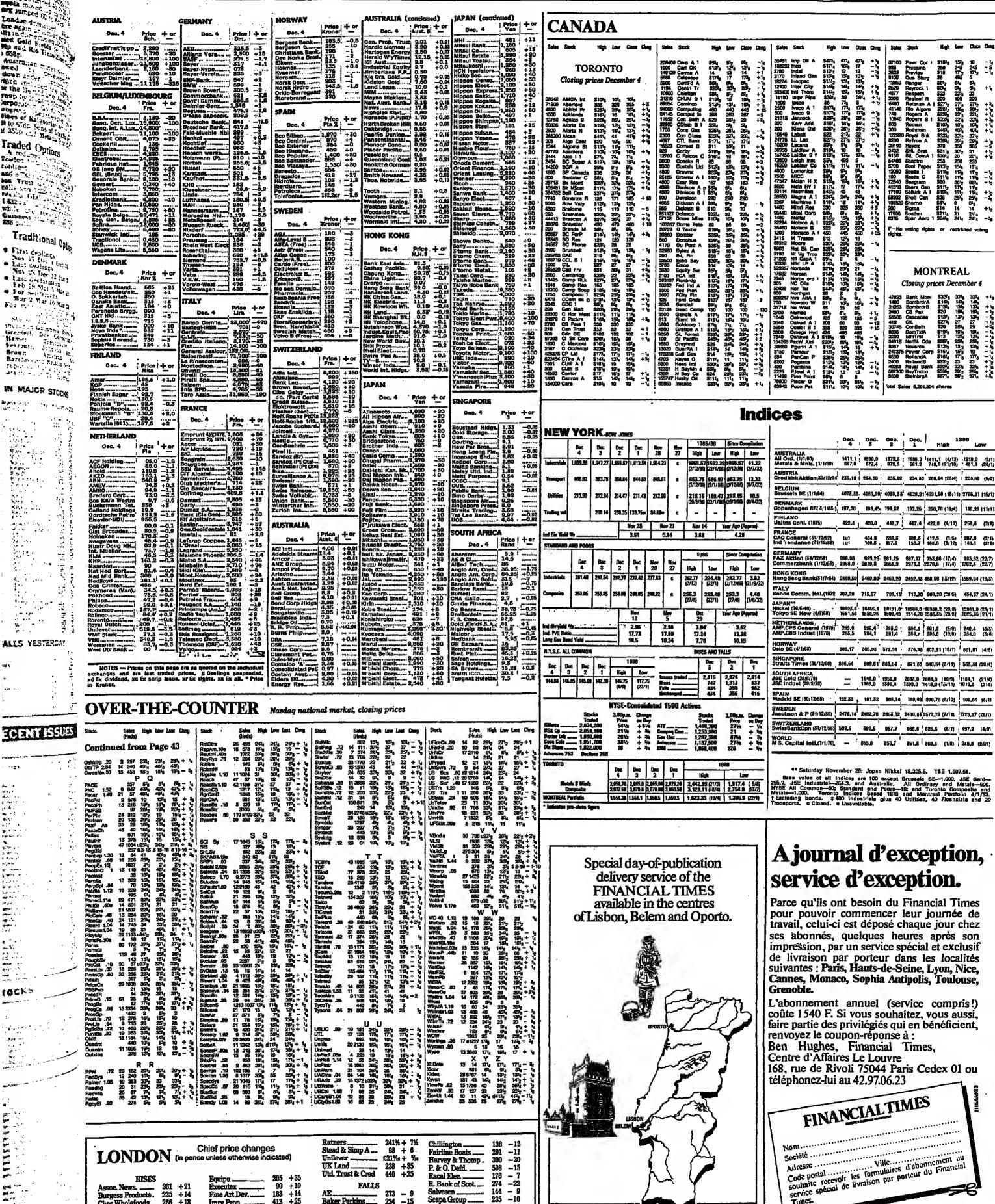
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WORLD STOCK MARKETS





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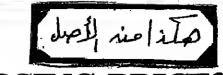
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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Blue chips stage gentle retreat

WALL STREET stock prices continued to move gently down in fairly active trading yesterday, despite another buoyant day in the bond market.

Investor consolidated their positions after the record-breaking rally earlier this week, writes Anatole Kaletsky in New York Analysts were encouraged by the way the blue chips which had led Tuesday's successful assault on the market record, retreated gently yesterday, leaving the lesser issues to take up the running in what was seen as a healthy broadening of the bull market.

The Dow Jones industrial average closed 7.59 down at 1,939.68, the bulk of the fall occurring in the last half hour of business, although the Transportation average continued its upward progress to 868.62, a rise of 2.87. Volume was dencent, rather than spectacular, at 157.8m

IBM. AT&T and Exxon all moved narrowly in moderate morning trading. IBM gave up \$% to \$127%, while Exxon retreated by \$% to \$68%. AT&T, which had held steady on Wednesday, against the gentle downward pressure on the other blue chips, fell into line yesterday. with a decline of \$\% to \$27\%.

Paris

CAC General

General Electric moved back \$1/4 to \$87% in fairly heavy trading. The retreat was not surprising after GE's big jumps earlier this week, when analysts show-ered the market with buy recommendations after a bullish presentation by the chairman at a brokers' meeting. General Motors was hit after the market closed on Wednesday by news of further lay-offs and a shareholder lawsuit against the management's decision to buy out dissident director Mr H. Ross Perot but managed to confine its losses to \$1/2 to trade at \$71%.

USX returned to its now traditional position among the day's most active stocks. News that the sale of the steel and oil giant's chemical operations had fetched \$526m was good for a \$% gain to

Among the day's other active issues was Coca-Cola, unchanged at \$37%, after it had announced a share repurchase plan. The number of shares involved, 10 million or 2.6 per cent of the soft drink giant's capitalisation, was too modest to have much impact on the price. Schlum-berger also traded actively, rising by \$% to \$34% on an analyst's recommenda-

Another sought-after share was Baxter Travenol Laboratories, the healthcare company which earlier this week announced a major consolidation and redundancies programme. The shares were up \$\% to \$20\%, with 2.2m shares changing hands. Other pharmaceutical stocks were narrowly mixed, with Merck up \$% at \$114% and Squibb down

Among the major chemical companies, Du Pont fell \$% to \$90% while

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KEY MARKET MONITORS

Union Carbide was unchanged at \$23%. With no new bids or corporate raids to liven up the market, the arbitrageurs managed to find a play in Gillette, the razor company which recently green-mailed itself out of the clutches of Revlon's Mr Ronald Perelman.

Several other leading store groups announced lacklustre November sales re-sults yesterday and Sears Roebuck slipped \$% to \$44% while Woolworth fell \$1% to \$43%. Among the retailers with better November sales results, Allied Stores rose \$% to \$66% and Dayton Hudson improved by \$\% to \$46.

The dollar is strength, thanks in part to the Treasury Secretary's comments on international exchange-rate co-operation, helped push the government bond market to levels last seen August. The only economic news of note was a 3.6 percent decline in factory orders.

Although this was roughly in line with market expectations, this sign of economic weakness, along with a year-onyear rise of only 24 per cent in West Germany's GNP, confirmed the hullish tone in the bond market. The Treasury long bond rose 21/2 to 102 21/2 in moderate trading by lunchtime. At this level the bond yielded 7.28 per cent, while the Fed Funds rate fell back to 5% per cent.

TOKYO

Utilities spearhead firm trend

BUYING gained further strength in Tokyo yesterday, reflecting investor hopes for still higher prices, writes Shigeo Nishiwaki of Jifi Press. Tokyo Gas joined the vanguard of the

strong market rally, which had been led by Tokyo Electric Power and Matsushita Electric Industrial.

The Nikkei stock average added 188.89 to 18,623.95. Volume rose further from 1.03bn to 1.33bn shares. Gains outpaced losses by 436 to 421, with 137 issues unchanged.

Heavy trading was due partly to hurried brying by individual investors, and institutional investors, fuelling expectations for still higher prices after Wall Street's surge to a record high on Tues-

One securities firm official estimated that the ratio of institutional daily orders placed with major securities firms to total orders expanded from the usual 40 per cent to 56 per cent on Wednesday and around 60 per cent yesterday. " But the official noted that institutional

investors sold large lots of Tokyo Elec-tric Power and other issues, which had rebounded strongly, and issued new buy orders for lower-priced stocks.

the utilities, individual and institutional investors began to seek other large-capitals such as steels and shiphuildings. Nippon Kokan topped the active list, with 131.28m shares changing hands, rising Y12 to Y258. Tokyo Gas rose Y70 to Y1,160 after an

ume of 97.64m shares. Kawasaki Steel, third busiest with 96.32m shares, gained Y10 to Y201 and Kawasaki Steel, fourth with 68.97m shares, Y33 to Y479. Tokyo Electric Power gained Y100 to a

early Y1,190 on the second largest vol-

new peak of Y8,400, despite increased profit-taking by institutionals. Matsushita Electric Industrial added Y50 to

Blue-chips also strengthened, with Toshiba putting on Y23 to Y873 and Fujitsu, also busy with Y70 to Y1,180. Elsewhere, industrial leaders rose

across the board, with Sumitomo Realty and Development moving up Y30 to Y1,710, Toray Y34 to Y625 and Taisei Y20

Bonds moved widely after opening firmer on strong buying due to lower interest rates overseas and the plunge in certificate of deposit rates to record low levels on the domestic open market.

Futures for delivery in March advanced Y0.32 from the previous day to Y104.87 at one stage, but later dropped sharply, reflecting growing anxiety over the precariously high price. Rumours that the Bank of Japan is concerned about the recent surge in bond prices also helped bring futures down to close lower at Y104.51.

The erratic futures movements were reflected in the cash market. The yield on the 5.1 per cent government bond falling due in June 1996 tumbled from 5.325 to 5.280 per cent at one stage in block trading on the Tokyo Stock Exchange and later rallied to 5.305 per cent on the over-the-counter market.

HONG KONG

STRONG LOCAL SELLING dragged Hong Kong from its recent peaks and pushed the Hang Seng index down 29.48 to 2,430,52

Some dealers cited the announcement that a group including Hutchison Wham-poa and Hongkong Electric would take a controlling stake in the Canadian Husky Oil group as the trigger for the sell off.

Hutchison dropped HK\$1 to HK\$43.75, HK Electric dipped 20 cents to HK\$11.30 and Cheung Kong, Hutchison's largest sbareholder, retreated 75 cents to HK\$35.75.

The placement of 100m World Interna-tional (Holdings) shares at HKS3.60 brought the group's share price down 22% cents to HK\$3.62% while its associate Wharf (Holdings) dropped 40 cents

EUROPE

Easier tone follows **US** declines

bourses yesterday which were de-pressed by Wall Street's overnight decline. Although some markets ended the day higher on balance gains were limited and trading was generally quiet.

Frankfurt, which rose strongly on Wednesday, suffered from disappoint-ment over Deutsche Bank's profits as well as worries over Wall Street and the dollar.

The market was also depressed by news that manufacturing orders fell during October and the Commerzbank index, set at midsession, lost 10.1 to 2,068.9.

Deutsche Bank reported 10-month earning sup more than 56 per cent, but disappointment was felt because most of this was derived from the Flick group flotation fees. Deutsche lost DM 8.50 to DM 841.

Other hanks were also down including Commerzbank, which fell DM 3.50 to DM 321, and Dresdner, DM 2 lower at DM 417.50. BHF, despite announcing increased interim profits for its parent company, lost DM 3 to DM 547.

Most other sectors moved lower, Chemicals saw BASF lose DM 1.70 to DM 275.30 and Bayer DM 1.10 to DM Among electronics Siemens continued

to show some strength by closing only 60 pfg down at DM 752.70, while AEG shed DM 3 to DM 325.50. The car sector, which rose strongly on

Wednesday, slipped back. VW. closed DM 5 lower at DM 430, while Daimler and BMW both shed DM 1 to close at DM 1,348 and DM 599, respectively. Retailer Kaufhof lost DM 2.50 to DM 551.50 and Karstadt DM 3 to DM 501,

while steel group Thyssen eased DM 2. to DM 153. Bonds closed mixed with an easier bias due to an absence of foreign buying. Losses ranged between 10 and 20 basis

The Bundesbank bought DM 30.6m of paper yesterday after selling DM 178.9m. on Wednesday.

Brussels closed generally firmer helped by continuing optimism over Government plans to introduce tax incentives for pension savings schemes and the start of a new trading period.

Market leader Petrofina added BFr 60

to close at BFr 9.750 amid interest from foreign investors. Elsewhere holding company Société Générale de Belgique rose BFr 215 to BFr 3,395 also on overseas demand.

Among chemicals UCB was unchanged at BFr 8.800, while wire maker Bekaert went against the trend falling BFr 100 to BFr 11,100.

Zurich suffered from profit taking early in the day but closed mixed after buying emerged in some sectors.

Banks were in demand but most

closed lower, including UBS bearer, which fell SFr 30 to SFr 5,960. However, Bank Leu rose SFr 20 to SFr 4,120. Other financials were generally mixed including insurers. Winterthur lost SFr

25 to SFr 7,550 but Zurich added SFr 50

to SFr 8,850. Amsterdam turned mixed as selling pressure set in. The market was also depressed by the banks' announcement of a half-point surcharge on hase lending

Among internationals Philips lost 40 cents to F1 47.20 and Unilever was F1 3.50 lower at F1 515.50.

Paris firmed late in the day on hopes that Wall Street would again resume its advance. Diversified foods group BSN scored a FFr 145 rise to FFr 4,595 and food retailer Carreour was unchanged at FFr 3.750.

Elsewhere car maker Peugeot went against the trend losing FFr 19 to FFr 1,140 but tyre maker Michelin rose FFr 74 to FFr 2.710.

Oslo saw Wednesday's sharp falls ease off although there was still concern about the outcome of next year's hudget. Banks were still weak including Christiana Bank og Kreditkasse, which fell NKr 2.50 to NKr 171. Elsewhere Norsk Hydro fell NKr 1.50 to NKr 143.50 and Norsk Data shed NKr 1 to NKr 205.

Stockholm turned lower as interest rates rose during the afternoon. Among actives Fermenta lost SKr 10 to SKr 86. Milan closed lower in thin trading while Madrid firmed despite profit-taking.

SOUTH AFRICA

A MILD RECOVERY in the bullion price helped Johannesburg gold shares but the strength of the financial rand prevented any strong recovery from Wed-nesday's sharp falls.

Randfontein rose R5 to R390, Western Areas picked up 50 cents to B17.25 while Vaal Reefs turned R1.50 lower to R352.50. An early rally in platinums ran out of steam and Impala closed 50 cents cheaper at R48. Diamond leader De Beers retreated 75 cents to R32.75.

CANADA

UTILITIES made good progress in early Toronto trading as industrials and oils gained ground.

Among industrials, Husky Oil traded unchanged at C\$11% and Canadian Tire Class A moved C\$% up to C\$14%. In an active mines sector, Noranda traded steady at C\$21% and Sherritt was C\$% higher at CS6%.

Banks scored gains in a mixed Montreal with industrials slightly easier.

LONDON

Nervousness after fraud investigation

NERVOUSNESS over official inquiries into share dealings continued to unsettle London markets yesterday in response to Exco International's decision to call in the Fraud Squad to investigate irregularities at a subsidiary.

Sentiment was also inhibited by a cool response to the mammoth British Gas

The FT Ordinary index slipped 3.2 to 1,265.9 and the FT-SE 100 lost 5.0 to

Hanson Trust, one of the most active with over 19m shares traded, picked up 4p to 191p on results, while Racal slipped 7p to 178p on volume of 8.Im shares. Among weaker oils, BP gave up 3.14p to 673p on 5.8m shares and Shell, Transport slipped 4p to 945p on 3.1m

Gilts moved lower for most of the day but rallied near the close as traders covered their bear positions.

Chief price changes, Page 41, Details, Page 40: share information service, Pages 38-39

AUSTRALIA

MEDIA STOCKS dominated trading in Sydney as investors digested the latest corporate manoeuvre by Mr Rupert

Herald & Weekly Times traded over the A\$12 offer price of News Corp late in the session with an advance of 85 cents to AS12.15. News gained 80 cents to AS17.80 and Fairfax at AS10.10 was 60 cents higher. Adelaide Advertiser picked up 50 cents to AS4.50. Among HWT shareholders, IEL firmed 20 cents to A\$6.70 and Bell Group at A\$8.30 was 20 cents stronger.

Among brighter resource stocks, BHP edged 2 cents higher to A\$8.62,

SINGAPORE

LEGAL PROCEEDINGS over National Bank of Brunei dampened enthusiasm in Singapore and left the Strait Times industrial index 2.27 down at 886.54. Volume slipped sharply to 15.1m shares from Wednesday's 15.2m.

Moving against the trend were DBS, up 5 cents to S\$8.95, Malayan Banking 5 cents higher at S\$5.10, while City Development firmed 3 cents to S\$2.40.

SIA was unchanged at S\$9.25, while National Iron turned 8 cents lower to S\$4.12 and Rothmans Industries closed 7 cents cheaper at SS2.15.

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TOKYO Tokyo SE AUSTRALIA Metals & Mins. 677.40 AUSTRIA Credit Aktien 236.19 234.30 BELONA Belgian SE CANADA Toronto Metals & Minis Composite **Montreal** Portfolio DENHARM SE FRANCE Ind. Tendance 160.50 WEST GERMANY Commerzbank HONG KONG Hang Seng ITALY Banca Comm NETHERLANDS ANP-CBS Gen 286.40 ANP-CBS Ind 284.10 NORWAY SINGAPORE SOUTH AFRICA 1,848.0 1,383.0 SPAIN Madrid SE 191.32 SWEDEN J&P SWITZERLAND Swiss Bank Inc 592.50 WORLD Dec 3

London

Zürich

Paris (fixing)

New York (Feb)

Frankfurt Commerzbani Dec 1, 1953-100 CURRENCES NEW YORK Dec 4 Year ago US DOLLAR STERLING 1,939.68 1,947.13 1,484.40 DJ Industrials Dec 4 Dec 4 Previous 863.75 **DJ Transport** 709,62 1,4290 213.90 213.84 253.85 **DJ** Utilities 165.62 DM: 1.9920 -1.9725 2.8475 204.23 S&P Composite 253.05 Yen 162.80 162.25 232.50 9.3275 6.5275 6.4575 LONDON 1.6640 1.6415 2.3775 FT Ord n/a 2.2500 2.2290 3.215 3.1925 FT-SE 100 1,610.1 1,615.1 Lire 1,375.00 1,367.50 1,964.75 807.02 FT-A All-share 804.87 675.97 41.05 41.05 58.65 1.3815 1.3830 1.9745 FT Gold mines 331.8 317.0 FT-A Long gift 10.75 10.69 10.35 INTEREST RATES (3-month offered rate) 18,623,95 18,445.06 12,811.2 1,552.50 1,532.26 1,007.76 (offered rate) 3-month US\$ 6-month US\$ 232.97 US Fed Fu 4,073,32 4,061,20 2,950,84 US BONDS 2,059.70 2,065.00 1,997.0 3,072.60 3,070.80 2,884.0 Price 1988 100% 6.131 100% 6.185 1,551.38 1,551.09 133,76 1993 6.805 1011 6.87 6.984 1011 7.047 7% 2016 7,267 102194 7.309 197.20 196.45 228.31 Source: Harris Trust Savings Bank 404.50 245.4 92.00 Return index 161.12 +0.31 6.78 2,068.90 2,079.00 1,726.20 6.49 +0.23142.32 +0.09 6.15 2,430.52 2,460.00 1,700.92 155.77 +0.21 6.57 190.63 15-30 +0.53 7.75 Source: Memil Lynch 707.28 713.67 446.08 214.50 3% July 1990 SCBT South Cer 366.17 365.93 397.29 10% Jan 1993 Phibro-Sal 8 April 1996 1,195.5 1,036.2 9% March 2016 S% April 2016 9% March 2016 101.375 9.24 99.375 9.441 2,478,14 2,942,76 1,603,45 FINANCIAL FUTURES 534.D 355.9 353.7 245.7 8% 32nds of 100% 101-10 101-23 100-31 101-03 **COMMODITIES** (London) Silver (spot fixing) \$1m points of 100% 94.70 94.71 94.67 94.67 Copper (cash) Coffee (March) £939.75 £923.25 £2,070.00 £1,900.00 \$1m points of 100% Oil (Brent blend) \$14.675 GOLD (per ounce) Dec 4 \$387.50 \$392.50

\$393.25

\$386.33 \$385.35

\$392,24